



# ANNUAL REPORT

2018 / 2019



# 2018/2019 ANNUAL REPORT

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# Chapter 1



# Chapter 1

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT B: MAYOR’S FOREWORD



It gives me great pleasure to present the JB Marks Local Municipality’s 2018/2019 Annual Report covering the period 1 July 2018 to 30 June 2019. This report tracks the Municipality’s operational performance in the context of the priorities reflected in its 2018/2019 Integrated Development Plan (IDP) and 2018/2019 Service Delivery and Budget Implementation Plan (SDBIP).

In this Annual Report, the municipality presents its achievements, challenges faced during the financial year against the strategic objectives as set out in the IDP and SDBIP.

#### VISION AND MISSION

**We remain steadfast and committed to the vision and mission of our new Municipality that are stated respectively here – below as follows:**

#### VISION

**A transformed and Integrated African World Class City**

#### MISSION

**To provide affordable and sustainable services to our community through accountable and responsive administration**

The 2018/2019 financial year marked the second year or just about the half way mark of the 5-year term of office for the current municipal council. The council remained focused on addressing the 6 developmental local government Key Performance Areas:-

- Infrastructure and Service Delivery
- Institutional Transformation and Development
- Local Economic Development and Planning
- Financial Viability
- Good Governance & Public Participation
- Spatial Rational

There has been some marked and progressive improvement regarding the municipality’s performance. For 2018/19 financial year the municipality reduced the number of qualified paragraphs to five (5) from nine (9) paragraphs in 2017/18. We remain positive that change will ultimately come in the near future. In the interim, we remain committed in facing all related service delivery challenges.

Similar to most municipalities throughout South Africa, JB Marks Local Municipality also faces challenges about unemployment, poverty and inequality. In this regard, Council continues to prioritize job creation especially through the Expanded Public Works Programme (EPWP) projects.



The municipality is aware of the current backlog related to the delivery of services to the community and is utilizing all available resources to clear it. This was a result of largely the expanded municipal area to be covered and the inadequate tools of trade or machinery such as plant vehicles.

However, the municipality is on course to with regard to budgeting incrementally to refresh the municipal fleet and upscale its heavy machinery.

During the year, various methods and / or processes were used to increase public awareness on service availability engage public in decision-making and improve accountability to communities. This included public consultative meetings, print media as well as our website.

The challenges and achievements reflected in this annual report reflect the combined efforts of the political leadership, administrative management and all municipal officials who work tirelessly and collectively to ensure that the needs of residents of JB Marks Local Municipality are met.

My gratitude and thanks therefore go to all who have joined this institution to serve its people.

  
\_\_\_\_\_  
CLLR. K. KHUMALO  
EXECUTIVE MAYOR

## **CHAPTER 1**

### **COMPONENT B: EXECUTIVE SUMMARY**

#### **1.1 MUNICIPAL MANAGER'S OVERVIEW**



It is with great confidence presenting the compiled 2018/19 Annual Report of JB Marks Local Municipality. The 2018/19 annual report is developed according to the guidelines of Circular No. 63 of September 2012 as defined by the Municipal Finance Management Act (MFMA), No. 56 of 2003. Section 121 of the MFMA prescribes that

(1) *Every municipality and municipal entity must each financial year prepare Annual Report.*

(2) The purpose of the Annual Report is:

- a. to provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- b. to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- c. to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

JB Marks Local Municipality has amended and reviewed the 2018/19 Integrated Development Plan in terms of Municipal Systems Act No. 32 of 2000, Section 34. The municipality continues to strive to fund the needs of the community identified through various government grants and own revenue, this is still not sufficient to address all the needs identified by our communities including old and depilating infrastructure such as old RDP houses and toilets built in prior years by sector departments.

There has been a slight improvement on set achievements of set targets as compared to the prior financial year from 26% to not more than 51% which is not acceptable and must be improved by strictly monitoring the implementation of the corrective measures to be taken during the 2019/20 financial year.

The slow pace of project implementation was amongst other factors impacted by the filling of key senior managers appointment that were concluded after the first half of the financial year under review. Before the end of first quarter of 2019/20 commitment has been made to fill the vacant position of Director Technical Services. Conclusion on placement process is ongoing with management, Unions and SALGA working together to resolve the matter.

The financial muscles of the municipality is satisfying and can be improved on by strictly reducing the overtime costs incurred through implementation of internal controls already set in place. Encouragement of communities and sector departments to service municipal accounts and awareness on continuous damaging of infrastructure such as sewer main-holes, sewer lines and other municipal infrastructure.

JB Marks Management team sincerely send out their gratitude to the Honourable Councillors for the robust discussions on council matters, guidance and advice on how best can JB Marks best render optimum services to its community members and continue to be the “Marks of excellence”



MR. L. RALEKGETHO  
MUNICIPAL MANAGER

## **CHAPTER 1**

### **1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

#### **ABOUT JB MARKS LOCAL MUNICIPALITY**

NW 405 is a Category B municipality situated within the Dr Kenneth Kaunda District in the North West Province. It is the largest municipality of three in the district, making up almost half its geographical area.

It was established by the amalgamation of the former Ventersdorp and Tlokwe City Council Local Municipalities in August 2016.

It combines the following areas from the Tlokwe Region: Ikageng and its extensions, Potchefstroom town, Mohadin, Promosa, Matlwang, Leliespan/Baitshoki, Haasskraal, Turfvlei, Vyfhoek, Mooibank, Machavie, Buffeldoorn, Miederpark, Kopjeskraal, Wilgeboom, Lindequesdrift. (Agricultural Holdings) Rooipoortjie, Venterskroon, Buffelshoek. (Rural) Vredefort Dome (World Heritage Site) and Vaal River.

Ventersdorp Region consists of a vast rural / commercial farming area as well as the urban area of Ventersdorp, Tshing and Toevlug and has six (6) villages namely Goedgevonden, Welgevonden, Tsetse, Ga-Magopa, Boikhutso and Boikhutsong.

The N12 route that connects Emalahleni through Johannesburg and Cape Town via the city of Kimberley runs through the municipality. The main railway route from Gauteng to the Northern and Western Cape also runs through one of the municipality's main cities, Potchefstroom. The City is 145km south-east of OR Tambo International Airport but has its own airfield, which can accommodate bigger aircraft and was formerly a military air base.

Gold mining is the dominant economic activity in the district, with Potchefstroom and Ventersdorp being the only exceptions. While Ventersdorp to the north-west of Potchefstroom focuses on agricultural activity, Potchefstroom's economic activity is driven by services and manufacturing sectors.

A big role-player in the provision of services in Potchefstroom is the world-class North-West University, which has its main campus in Potchefstroom.

Potchefstroom's industrial zone has many companies, focusing mainly on the industries like steel, food and chemicals, with big entities such as King Korn, Kynoch, Naschem and the Nestle company. Within the city centre, the infrastructure of Potchefstroom region supports roughly 600 businesses.

#### **1.2.1 Ventersdorp's main economic Sectors includes: Agriculture, community services, manufacturing, trade, finance, transport, mining**

#### **VISION**

NW 405 is an amalgamation of the two institutions which had different sets of Visions, Missions etc. At the strategic planning workshop held in October 2016, the Lekgotla agreed to submit the following set

of Visions to the Council with a view to later consult with communities during the public participation process

A United and Prosperous Green African City  
 A Transformed and Inclusive World Class City  
 A Green African City that is United in Diversity  
 A transformed and Integrated World Class Competitive City  
 A Transformed and United African City

At a workshop with councillors, councillor debated the need to identify the Municipality with African i.e “African City” whereas others were in favor of using the “World Class City” because the city was already part of the global player especially when it comes to different sporting activities. It was agreed that the issue of the Vision will finally be discussed with stakeholders during the consultations and finalized by Council after.

## MISSION

To provide quality AND sustainable service to our communities through a MOTIVATED and ACCOUNTABLE administration  
 To provide affordable and sustainable services to our communities through a stable, accountable and responsive administration

The mission statement will also be finalized once the Vision is adopted and after consultation with stakeholder

## CORE VALUES

Central to everything we do is our core values, which represent the set of behaviors that we expect our employees and councillors to embrace in the execution our mandate. Our core values are based on the principles of Batho Pele and the Basic values and principles governing public administration. Our core values are:-

Accountable  
 Caring  
 Integrity  
 Respect  
 Proactive  
 Respect

## 1.2.5 GEOGRAPHIC PROFILE

### Population by Age

	NW401: Ventersdorp			NW402: Tlokwe City Council			NW 405 :Ventersdorp/Tlokwe		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
00-04	3691	3376	7067	8168	8171	16338	11859	11546	23405
05-09	4519	3948	8468	8028	7647	15675	12547	11596	24143
10-14	3663	3236	6899	6588	7689	14277	10251	10925	21176
15-19	2802	3143	5945	7988	8167	16155	10791	11310	22100
20-24	2862	1812	4675	10478	10988	21466	13340	12800	26141
25-29	2563	2466	5029	8153	8005	16158	10716	10471	21186
30-34	2108	2291	4398	6816	6715	13531	8923	9006	17929
35-39	1913	2052	3965	6196	6308	12504	8109	8360	16469
40-44	2138	1763	3901	5632	5560	11192	7770	7323	15093
45-49	2187	1676	3863	5584	4661	10245	7771	6337	14109
50-54	1454	1160	2614	4670	4506	9176	6124	5666	11790
55-59	1187	973	2160	4479	3906	8384	5666	4878	10544
60-64	986	772	1758	2546	3261	5808	3532	4033	7566

65-69	440	545	985	1415	1843	3258	1855	2388	4243
70-74	581	346	926	1044	1478	2522	1625	1823	3448
75-79	287	284	571	656	927	1583	943	1211	2154
80-84	146	259	405	355	332	687	501	591	1092
85+	162	132	294	182	464	646	344	596	940
Total	33690	30233	63923	88976	90629	179604	122666	120861	243527

	NW401: Ventersdorp			NW402: Tlokwe City Council			NW:405 Ventersdorp/Tlokwe		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Black african	30904	27265	58169	65187	64300	129488	96091	91565	187656
Coloured	616	726	1342	5552	6094	11646	6168	6820	12987
Indian/asian	236	31	268	713	639	1352	949	671	1620
White	1934	2211	4144	17524	19595	37119	19458	21806	41264
Total	33690	30233	63923	88976	90629	179604	122666	120861	243527

### Highest Levels of Education

	NW401: Ventersdorp			NW402: Tlokwe City Council			Ventersdorp/Tlokwe		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No schooling	2443	2038	4481	4450	4641	9090	6893	6678	13571
Some secondary	9767	8963	18731	21212	21621	42833	30979	30585	61564
Completed secondary	5201	4134	9335	21827	22136	43964	27029	26270	53299
Higher Education	504	935	1439	9057	9400	18457	9561	10335	19896
Other	185	80	264	229	134	364	414	214	628

### Main Sources of Energy

	NW401: Ventersdorp	NW402: Tlokwe City Council	NW 405 Ventersdorp/Tlokwe
Electricity from mains	14437	56035	70472
Other source of electricity (e.g. generator; etc.)	31	752	782
Gas	15	89	103
Paraffin	202	2635	2837
Candles	2315	2935	5250
Solar	0	257	257
Other	0	195	195
None	167	369	536
Unspecified	0	140	140

### Main dwellings

	NW401: Ventersdorp	NW402: Tlokwe City Council	NW 405
Formal dwelling/house or brick/concrete block structure on a	12265	38622	50886

Traditional dwelling/hut/structure made of traditional mater	21	247	268
Flat or apartment in a block of flats	53	6070	6124
Cluster house in complex	297	496	793
Townhouse (semi-detached house in a complex)	0	555	555
Semi-detached house	143	662	805
Formal dwelling/house/flat/room in backyard	318	5775	6092
Informal dwelling/shack in backyard	1774	3204	4978
Informal dwelling/shack not in backyard (e.g. in an informal	1644	6680	8324
Room/flatlet on a property or larger dwelling/servants quart	150	689	839
Caravan/tent	0	70	70
Other	500	338	838
Unspecified	0	0	0

### Analysis of the NW 405 Demographics

The population of NW 405 has increased from 219 463 to 243 527 between 2011 and 2016. The vast majority of the population is made up of black Africans followed by whites as reflected in Figure 3 below.

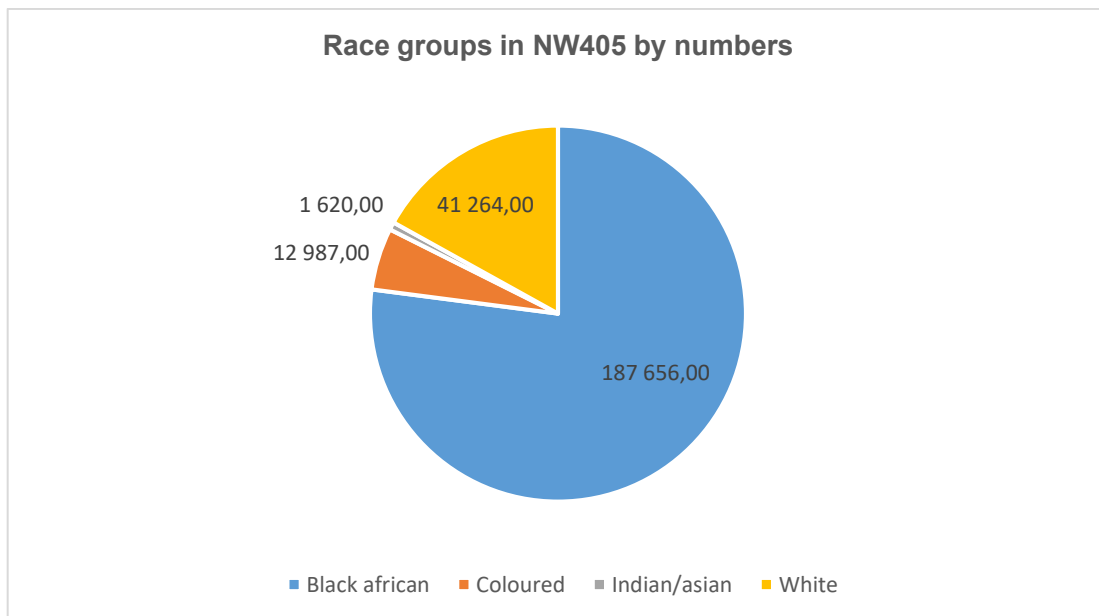


Figure 3: Race Groups in NW405

As illustrated in Figure 4, below, about 67 % of the population in the municipality is composed of the age group of between 15-64. This age group is made up of the economically active members of the population and there have not been changes in this group between 2011 and 2016. There has also been a 1 per cent increase in the other two age groups of 0-14 and over 64.



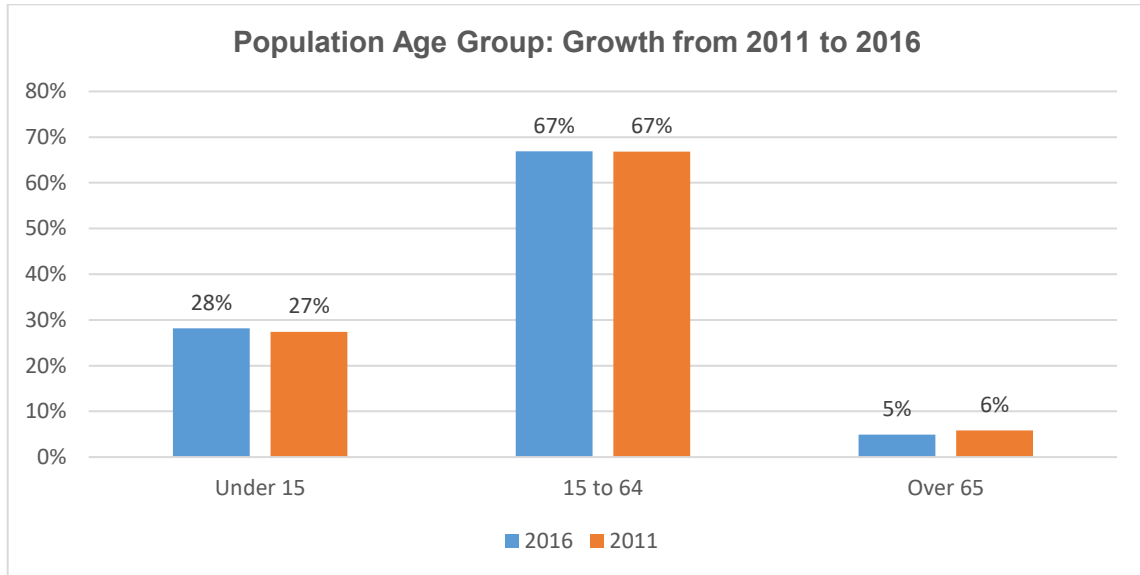


Figure4 : Population Age Groups 2011 and 2016:

Figure 5 below indicate the breakdown of the population of NW405 into a number of age groups. The data also confirms that the economically active group forms the majority of members in the population.

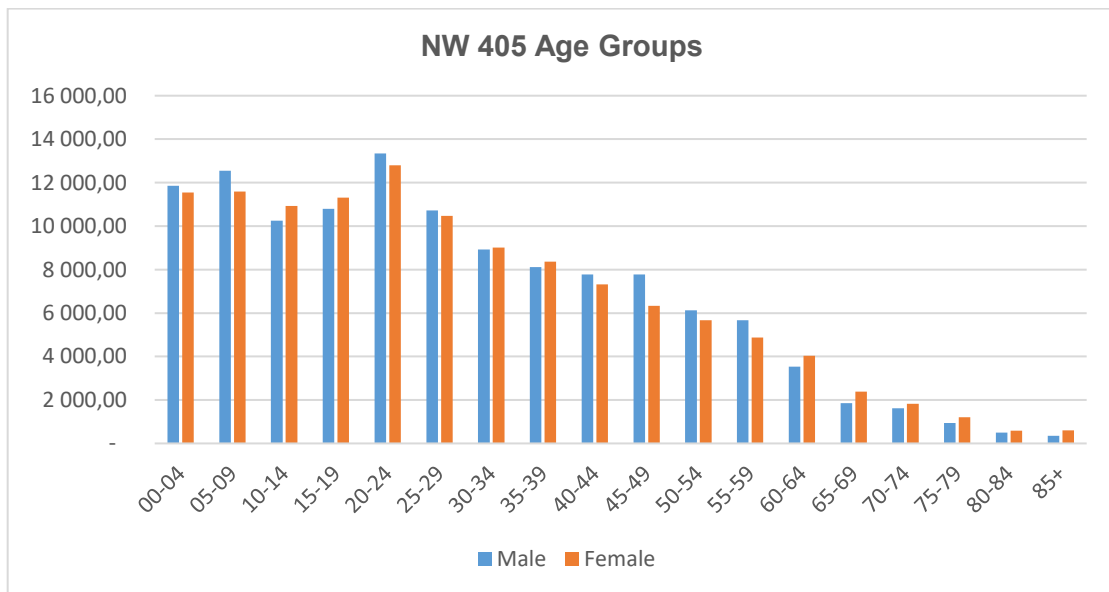


Figure 51; Population Ages structure NW405 - 2011-2016

Figure below depicts the level of education in the municipality for the period 2011 and 2016. The figure shows that there was a drop of less than one per cent in the number of people without any schooling and a positive increase in those with matric from 27 per cent to 30 per cent. There was a one percent drop in the number of people with higher education during the same period.

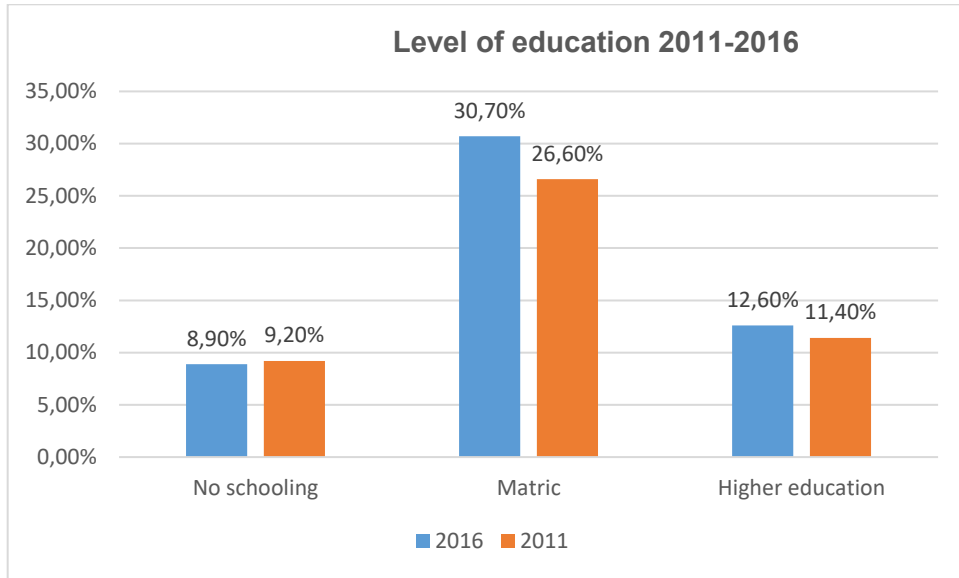


Figure 8 : Level of Education - 2011-2016

Housing is one of the important services provided by the municipality, which is also an indicator of development. As reflected in Table 1, below, 63 per cent of houses in the municipal area are classified as formal while about 10 per cent of houses are located in informal settlements. About 7 per cent of households reside in flats or apartments while the same percentage stays in backyards.

Table 1: Types of *Dwellings*

Table 1: Types of *Dwellings*

TYPE OF DWELLING	%
Formal dwelling/house or brick/concrete block structure on a	63,16
Traditional dwelling/hut/structure made of traditional mater	0,33
Flat or apartment in a block of flats	7,60
Cluster house in complex	0,98
Townhouse (semi-detached house in a complex)	0,69
Semi-detached house	1,00
Formal dwelling/house/flat/room in backyard	7,56
Informal dwelling/shack in backyard	6,18
Informal dwelling/shack not in backyard (e.g. in an informal	10,33
Room/flat let on a property or larger dwelling/servants quart	1,04
Caravan/tent	0,09
Other	1,04

Figure below indicate access to municipal services in NW405 from 2011 to 2016. The data shows that there has been a steady increase in the number of household with access to flush toiled from 71 per

cent in 2011 to 76% in 2016. Access to piped water has decreased from 49 per cent to 46 per cent in the same period due to the growth in population and allocation of unserviced stands in the municipal area. Access to electricity has not changed much for the period with the access standing at 87%. The highest increase in access to services has been in the removal of refuse removal which increased from 57 per cent to 71 per cent. As can be seen the municipality still needs to double its efforts in extending the provision of service to the entire municipal area.

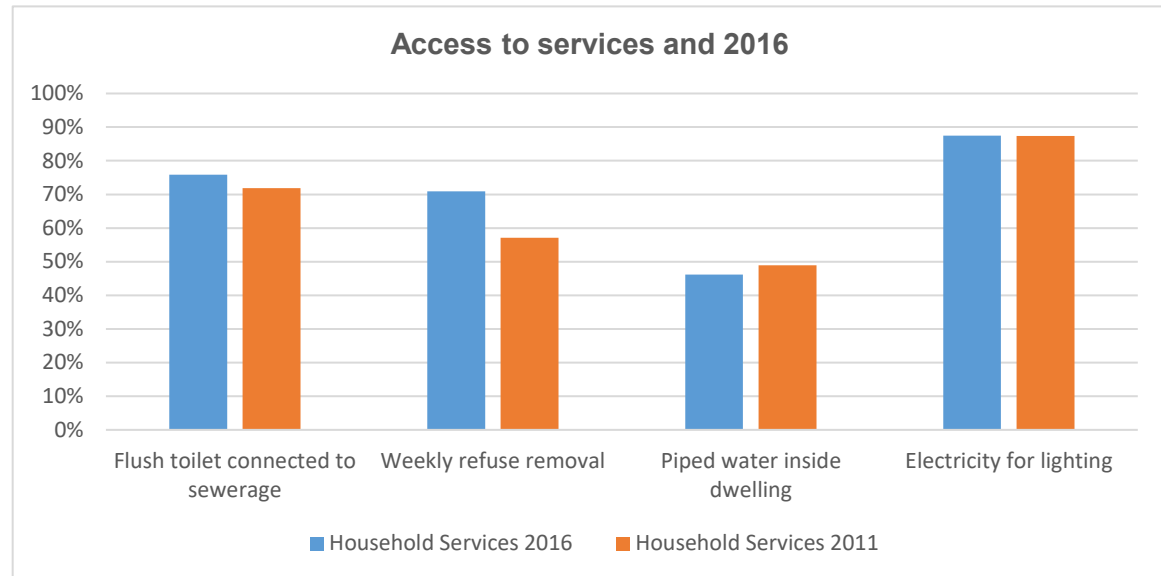


Figure 9: Access to service in NW405 2001 and 2016

Below indicate that the total number of households in the municipal area increased from 67 098 to 80 572 between 2011 and 2016. This is an increase of more than 12 000 households. An interesting finding is that 37 per cent of households are headed by females and this figure has not changed since 2011. About 52 per cent of houses are privately owned by residents.

Table 2: Household Dynamics

Household Dynamics		
Households	80 572	67 098
Average household size	3.0	3.1
Female headed households	37.1%	37.1%
Formal dwellings	82.0%	78.5%
Housing owned	52.6%	52.7%

### 1.3 SERVICE DELIVERY OVERVIEW

#### SERVICE DELIVERY INTRODUCTION

Service delivery" is a common phrase in South Africa used to describe the distribution of basic resources citizens depend on like water, electricity, sanitation infrastructure, land, and housing.

Service delivery in terms of the Constitution of the Republic of South Africa, Schedule 4, Part B determines the functions of the municipality and therefore its responsibility towards the community. In terms of the IDP and the strategic objectives of the JB Marks Local Municipality goals have been set out to be achieved during the financial year.

The Municipality is faced with the aged infrastructure; at this stage municipality is faced with constant pipe burst and sewer blockages due to aging infrastructure

PROPORTION OF HOUSEHOLDS WITH MINIMUM LEVEL OF BASIC SERVICES			
BASIC SERVICES	2016/2017	2017/2018	2018/2019
Electricity Service Connections	12395	50476	50476
Water – within 200m from dwelling ventersdorp	5898	78345	78345
Sanitation – households with at least VIP Service	4676	55703	55703
Waste Collection – Kerbside collection once a week	7775	75 020	75020
TOTAL			

#### TOTAL ACHIEVEMENTS

2018/2019

Number of households in the Municipality	:	80572
Number of billed households in the Municipality	:	80185
Number of registered indigent households (Municipal Data)	:	13048
Number of indigent households with access to FBW	:	148192
Number of indigent households with access to FBSan	:	102645
Number of indigent households with access to FBR	:	142908
Number of indigent households with access to FBE	:	151217
Number of indigent households with alternative energy	:	

#### EQUITABLE SHARE

Equitable Share provided for Free Basic Service 2018/2019			
Services	Allocation Expenditure	Expenditure	% Expenditure
FBE	60 305	36 014	59.72

## LARGE PROJECTS FOR THE 2018/2019 FINANCIAL YEAR

IDP PROJECTS				
	Project Name	Original Budget	Adjusted budget	Actual Budget Expenditure
1	1.1Km Internal road constructed in Appelrai Ward 32	5 000 000.00	5 887 858.00	5 132 815.95
2	1.5Km Road and Storm water constructed in Extension 7 Ward 20	6 500 000.00	N/A	5 538 454.85
4	352 HH Upgrade bulk water reticulated in Boikhutso Ward 32	10 000 000.00	N/A	8 974 838.96
5	7.194Km Extension of Asbestos Pipeline constructed in Ikageng	12 386 000.00	N/A	5 392 787.83
6	100% Waste water Treatment works upgraded in VSD (all Wards)	20 000 000.00	N/A	20 641 057.29
11	670 Houses supplied with electricity connection in Ikageng	2 867 500.00	10 385 000.00	7 987 048.29
13	694 Houses supplied with electricity connection in Ext 9	N/A	9 601 364.00	7 408 302.16
15	63% Constructed water reticulation in Ikageng Ext 13	8 500 000.00	6 363 526.00	6 212 563.25
17	Taxi rank and 10 hawkers stalls constructed in Ikageng Ext 7	3 592 690.00	7 015 493.00	6 079 714.00
18	Light industrial park constructed in Ikageng	12 000 000.00	N/A	11 375 844.21
19	Disaster management centre constructed in Tlokwe ward12	11 246 000.00	14 246 000.00	5 211 267.61
20	Refuse compactors procured in JB Marks	N/A	9 000 000.00	10 353 840.54

### COMMENT ON LARGE PROJECTS OVERALL PERFORMANCE

- The funding allocation for the capital project had to be rolled over to 2019/20 financial year as a result of;
  - Inclement weather
  - Delayed appointment of service providers
  - High unemployment rate resulting in local unskilled labourers to cause unnecessary strikes to slow down progress on site as the project is about to be completed.
  - A high demand to accommodate the local subcontractors in terms of the 30% PPPFA regulations, whereby if they are not accommodated there cause disruptions to projects and slow the construction progress.*
  - Capacity within the technical service department.
- Furthermore, to the challenges the Municipality faces some projects where successfully completed and within the budget

## 1.4 FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

FINANCIAL OVERVIEW: 2018/2019				R'000
Details	Original Budget R	Adjustment Budget R	Actual R	
<b>Income:</b>				
Grants	362553000	353 153	368 966	
Taxes, Levies and tariffs	1 114 826	1 156 529	1 066 523	
Other	156 040	163 255	290 414	
Sub total	1 633 419	1 672 937	1 725 903	
Less: Expenditure	1 812 443	1 778 396	1 727 449	
Net Total	(179 024)	(105 460)	(1 546)	
<b>TOTAL REVENUE</b>				
Expenditure				
Total (Surplus)				
<b>OPERATING RATIOS: 2018/2019</b>				
Details			%	
Employee Cost			28%	
Repairs and Maintenance			4%	
Finance Charges and Depreciation			1%	

TOTAL CAPITAL EXPENDITURE : 2018/2019		R'000
Details	2018/2019	
Original Budget	132 447	
Adjustment Budget	183 576	
Actual	127 593	

## 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

An Organizational structure/organogram of JB Marks Local Municipality was approved by Council on **06 December 2016 (Council Resolution Number C 66/2016-12-06)**

The Structure was approved with a staff complements of 1578 posts. The final structure was approved on 30 May 2017 with the IDP and Budget (**SPC1/2017-05-30 & SPC19/2017-05-30**).

Was finalized on the 28<sup>th</sup> of June 2017. The structure was subsequently implemented with effect 1 July 2017, with 1578 posts of which 1139 was filled and 439 vacancies.

The information reflected under employee information will thus be in terms of previous organizational structures for the then JB Marks Local Municipality as at 01 July 2018.

### Senior Manager Positions

The Minister of COGTA on 2014 Jan 17 publicized the Local Government Regulation on the Appointment and Conditions of Service of employment of Senior Manager, (Government Notice 21 in the Government Gazette No. 37245). This regulation must be read with:-

Regulations or guidelines issued in terms of Section 120 of the Act, concerning matters listed in the section 54(a), 56, 57(a) and 72

Local Government: Municipal Regulations on Minimum Competency Level, 2007, issued in terms of the MFMA, as published under Government Notice No. 493 in the Government Gazette No.29967 of 15 June 2007.

## **STATUS ON FILLING OF SENIOR MANAGERS POSITIONS**

<b>POST DESIGNATIONS</b>	<b>STATUS</b>
Municipal Manager	Filled
Chief Financial Officer (CFO)	Filled
Director Corporate Services	Filled
Director Community Safety	Filled
Director Infrastructure Services	Vacant
Director Municipal Services and LED	Vacant (This is a new directorate formed by merging LED and Community Services and Sports, Arts and Culture. Functions of this Directorates are performed by Director Sports, Arts and Culture)

### **1.6 AUDITOR GENERAL REPORT**

Section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), the responsibility of the Auditor General responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards of Auditing.

Financial year ended 30 June 2019 JB Marks Local Municipality received a Qualification audit opinion.

Detailed information on the Auditor General's report for the financial year under review is contained in Chapter 6 of this report.

### **1.7 STATUTORY ANNUAL REPORT PROCESS**

<b>NO.</b>	<b>ACTIVITY</b>	<b>TIMEFRAME</b>
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	<b>July</b>
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3.	Finalise the 4 <sup>th</sup> quarter report for previous financial year	
4.	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5.	Municipal entities submit draft annual reports to Municipal Manager	
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	<b>August</b>
7.	Mayor tables the unaudited Annual Report	
8.	Municipality submits draft Annual Report including consolidated annual financial statement and performance report to Auditor General	
9.	Annual Performance Report as submit to Auditor General to be provided as input to the IDP Analysis Phase	
10.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	<b>September – November</b>
11.	Municipalities receive and start to address the Auditor General's comments	<b>November</b>
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
13.	Audited Annual Report is made public and representation is invited	
14.	Oversight Committee assess Annual Report	
15.	Council adopts Oversight report	<b>December</b>
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	<b>January</b>
18.	Commencement of draft Budget/IDP finalisation for the next financial year. Annual Report and Oversight Report to be used as input	



## COMMENT ON THE ANNUAL REPORT PROCESS

The Annual Report is a measure of ensuring that there is regular, impartial feedback to stakeholders regarding the progress of the municipality with the implementation of its vision and mission. It is necessary that the municipality derive maximum benefit from its efforts in submitting reports. Such benefit are typically obtained in the form of being able to compare and benchmark against other municipalities and to learn from the feedback mechanisms.

The annual report process flow provides a framework for the municipality to follow in completing various reports within each financial year cycle. It is recommended that the municipal manager study this process flow and ensure that the report are submitted timeously. If the process flow is followed, the municipality should be able to provide an unaudited annual report in August for each year, which is consistent with the MFMA.

The 2018/2019 Annual Report was compiled in accordance with the requirements of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA) and Local Government: Municipal System Act 32 of 2000 and Circular 63 also taken into consideration.

The purpose of this report is to:-

Provide feedback on the annual financial and non-financial performance of the Municipality.  
Promote accountability to the community for the decisions made during the period July 2018 to June 2019.

Annual Report must be aligned with the planning documents and municipal budget for the year reported on. The IDP, BUDGET, SDBIP, in-year reports, annual performance reports and annual reports should have consistence and similar information for understanding and linkage between plans and actual performance.

In terms of the processes prescribed by the MFMA Section 127(2), the Mayor shall within seven months after the end of the financial year table in Council the Annual report of the Municipality. Council, thereafter, refer the annual report to the Oversight Committee, then MPAC (Municipal Public Accounts Committee).

Immediately after the annual report has been referred to the MPAC, the Accounting Officer shall make the Annual Report public and invite the local Community to submit their comments or inputs.

Section 129 of the Local Government ; Municipal Finance Management act of 2000, states that the Oversight Committee of the Council must consider the Annual Report of the Municipality by no later than two months from the date which the report was tabled in Council and adopt the oversight report containing statements whether the Council:-

Has approved the annual report with or without reservations  
Has rejected the annual report  
Has referred back the annual report for revision of those components that can be revised.

Annual Report will assist the municipality to streamline operations and processes through combined committee, reduce costs, time and effort. There will be a limited need for the municipality to have different committees to deal with financial and non-financial related matters.

# Chapter 2

# Chapter 2

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

To govern is to exercise political, economic and administrative authority to manage a population's affairs at all levels. It comprises mechanisms, processes, and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences.”

Property rights and rule-based governance; the quality of budgetary & financial management; the efficiency of revenue mobilization; the efficiency of public expenditures; and transparency, accountability and corruption should be monitored to ensure the municipality deals with these aspects of governance decisively. The political and administrative components of Council maintain a sound working relationship by ensuring procedures and protocols.

The JB Marks Local Municipality as a legal entity relates to the other spheres of government and organised local government bodies through the Intergovernmental Policy Framework. Communities as an interest group in municipal affairs, participate through public participation mechanism and processes in the decision making systems of Council.

This includes interaction with stakeholders in shaping the performance of the municipality so as to enhance a healthy relationship and minimise conflict.

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Politicians had conducted Public Participation with the communities presenting the integrated development plans; budget and budget policies, service delivery and budget implementation plans and Imbizos. The process was to ensure the communities participate in the democratic municipal processes to make their voices heard. The process of community participation ensures healthy relations between the municipality and the community and unnecessary misunderstanding.

Administrative governance ensures transparent administration, regular feedback to the community and compliance with the rules, laws and regulation by which Council operates and is regulated and controlled.

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

The JB Marks Local Municipality has established an Audit Committee by merging the Audit and Performance Audit Committees, a Municipal Public Accounts Committee (MPAC), comprising of non-executive councillors with the purpose of commenting and making recommendations on the annual report and the Auditor-General's Report. An acting Chief Financial Officer has been appointed for Financial Services, which forms part of the Administrator's team.

The Oversight Report of the Municipal Public Accounts Committee was published separately in accordance with the Municipal Finance Management Act, No.56 of 2003; two months after the annual report has been tabled.

The Executive Mayor, Cllr K. Khumalo appointed his Mayoral Committee Members (MMC's) from amongst the elected councillors, who advise him on municipal affairs as well as other councillors to serve in section 80 committees for a specific purpose.

The JB Marks Local Municipalities, have pooled their energy and resources to fuel a brand new municipality. The distribution of seats are made up of 67 Councillors. Who are deployed in the various Council Committees namely:-

POLITICAL STRUCTURE		FUNCTIONS
	<b>EXECUTIVE MAYOR</b> <b>CLLR. K. KHUMALO</b>	<p>The Executive Mayor identifies the needs of the municipality, review and evaluate those needs, in order to priority, recommends to the municipal council strategies, programmes and services to address priority needs through the IDP and estimates the value of revenue and expenditure, taking into account any applicable national and provincial development plans and recommends and determines the best way to deliver strategies, programmes and services to maximum benefit of the community. The Mayor also performs ceremonial functions role.</p>
	<b>SPEAKER</b> <b>CLLR. E.K. MOGEEMANG</b>	<p>The Speaker presides at the meetings, and ensure that meetings are conducted according to rules of order of the Council.</p>
	<b>SINGLE WHIP OF COUNCIL</b> <b>CLLR. M. MATSAPOLA</b>	<p>The Single Whip is to ensure that councillors are accountable to the community. That the code of conduct is respected and adhered to by all councillors. The Single Whip ensures discipline during meetings of Council and committees. He facilitates political debates and workshops for all councillors.</p>

### 2.1.1 COUNCILLORS

Councillors provide a vital link between communities they serve and the City Council. Councillors are elected to represent local communities on municipal councils, to ensure that municipalities have structured mechanisms of accountability to local communities and to meet the priority needs of communities by providing services equitably, effectively and sustainably within the means of the municipality.

In fulfilling this role councillors must be accountable to local communities and report back at least quarterly to constituencies on council matters, including the performance of the municipality in terms of established indicators. In order to ensure that councillors fulfil their obligations to their communities and support the achievement by the municipality of its objectives set out in section 19 of the Act, the Code of Conduct in schedule 5 of the Municipal Structures Act (117 of 1998) as amended, was established. Councillors serve a term of five years.

**The Council comprises of the following Councillors:-**

- **ANC** - **34 Seats**
- **DA** - **22 Seats**
- **EFF** - **5 Seats**
- **VF** - **3 Seats**
- **ID** - **3 Seats**

### 2.1.2 POLITICAL DECISION-MAKING

As a municipality with Executive Mayor, the Mayoral Committee for recommendation to Council must consider system all matters for consideration by Council. Matters delegated by Council are finalised at the Mayoral Committee and it is submitted to Council for cognizance, while matters excluded from delegation by law or not delegated by Council are submitted via the Mayoral Committee to Council for finalisation.

Council resolutions implemented against the number of decisions taken by Council are 100%.

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 82 of the Municipal Structure Act 117 of 1998 amended that the Municipality must appoint the Municipal Manager, who is the head of Administration and therefore Accounting Officer.



Section 51(i) of the Systems Act states that the municipality must organise its administration in a manner that enables it to hold the Municipal Manager accountable for the overall performance of the municipality.

Municipal Manager must manage the communication between the political structure and office-bearers and the administration(S 55(1)(j) of the Systems Act). The Municipal Manager has to exercise responsibilities subject to the policy directions of the Council. As the Accounting Office, the Municipal Manager is also responsible for all income and expenditure, all assets and discharge of liabilities of the municipality and the compliance with the municipal finance management legislation.

In terms of section 55 of the Local Government: Municipal Systems Act 32 of 2000, as amended the Municipal Manager as head of administration is subject to policy directives of the Municipal Council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government. In terms of Section 50 of Local Government: Municipal Systems Act 32 of 2000, as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager and who must have the relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

The Municipal Manager and Directors form the Senior Management core and all directors are accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditure in each directorate is managed by the relevant director in order to ensure that service delivery matters are handled quickly.

*All the below positions are section 56/57 positions*

TOP STRUCTURE	
<b>MUNICIPAL MANAGER</b> <b>MR. L. RALEKGETHO</b> 	<p>As head of administration and Accounting Officer of the municipality the Municipal Manager is subject to the policy directions of the municipal Council and is responsible and accountable for duties and responsibilities outlined under Section 55 of the Local Government: MSA, Act 32 of 2000, as amended and any other relevant duties as may be delegated by the Mayor and Council</p>
<b>DIRECTOR CORPORATE SERVICES</b> <b>MRS. B.M.B. MOSEPELE</b> 	<p>The Director is responsible for establishing and maintaining structures, with the parameters of legality and good governance, that will provide Administration that is appropriately relevant, Legal Support, Human Resource Management; and IT</p>
<b>DIRECTOR FINANCIAL SERVICES</b> <b>MRS. T. MOEKETSANE</b> 	<p>This Department is responsible for ensuring effective and efficient strategic management of the finance portfolio, which includes budgetary management, financial accounting management, SCM, Credit Control Management, investment and banking, treasury management, and risk management.</p>
<b>DIRECTOR COMMUNITY SAFETY</b> <b>MR. O. MASIBI</b> 	<p>Community Safety incorporate the functions of Law Enforcement to ensure traffic flow and road safety, Security</p>

	for the protest etc, Fire, Disaster, Licensing, Registration and Testing vehicles for the roadworthy.
<b>DIRECTOR INFRASTRUCTURE SERVICES VACANT</b>	This Department is responsible for all Water, Sanitation, Electricity and Roads Services of the Municipality as well as well-established and well maintained infrastructure that will stimulate growth, resulting in a broader income base, and that will encourage taxpayers to sustain payments because of well-established and well-maintained infrastructure
<b>MUNICIPAL SERVICES AND LED VACANT MR CP HENRY</b>  <p>(This is a new directorate formed by merging LED and Community Services and Sports, Arts and Culture. Functions of these Directorates are performed by Director Sports, Arts and Culture).</p>	This Department is responsible for Environmental Management, Library Services, Museums, Sports Facilities, LED

*\*The third tier of posts/positions can be seen in **Appendix C***



## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Promoting intergovernmental relations (IGR) helps to make everyone aware that there is one seamless government working together to serve the people. It builds teamwork with the various spheres of government and between government and its agencies as well as other partners in development.

Planning and budgeting, consultations and meetings as well as information sharing sessions, reporting and monitoring and evaluation.

Basic Service Delivery is the core function of the municipality. Cooperative governance is an agreement entered into by the spheres of government to accelerate service delivery within the constitutional mandate.

Forums have been established to share best practices among municipalities and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottlenecks in certain spheres. Such forums must be attended to report on service delivery (namely);-

- ✚ District IGR Forum
- ✚ Municipal Manager's Forum
- ✚ Chief Financial Officer's Forum
- ✚ IDP and PMS Coordinator's Forum

The JB Marks Local Municipality is a member and does participate in these forums, including SALGA, Provincial and National Level.

### 2.3 INTER-GOVERNMENTAL RELATIONS

#### NATIONAL INTERGOVERNMENTAL STRUCTURE

JB Marks Local Municipality is a member of the Local Government body, SALGA (South African Local Government Association) both at Provincial and National Level.

Elected Councillors are accordingly deployed into various working Committee groups of SALGA. Employees and Councillors participate in structures such as Pension Fund and Medical Aid bodies, to ensure proper handling of their affairs affecting Council and employees.

The Department of monitoring and evaluation (DPME) in the presidency developed the Local Government Management Improvement Model (Municipal assessment tool) as an information management and performance monitoring tool to assess municipalities and provide information on national scale and rank to performance to municipalities against their key indicators. The JB Marks Local Municipality form part of the North West Municipalities identified for this model.

#### INTERNATIONAL RELATIONS

The current partnership between JB Marks and Sweden was once again anchored by a new MoU signed on 24th April 2018 in Sweden between (Växjö, JB Marks and Älmhults Municipality).

Thus, the MoU provides the framework for all on-going and new projects, which clearly emphasizes the natural importance of both countries/all three municipalities benefitting from the work. The previously mentioned

As noted, the partnership has got a long history (14 years) and is comprehensive (41 projects/pre-studies). The Swedish and South African partners are committed to do good and develop for the future, which cause for political will, determination and strategic decision-making. Various stakeholders/participants from the municipalities, region/province, NGOs, Church, Police, Universities and non-profit organizations played crucial role in making success of this projects.

Since the formal start in 2006, ICLD funded projects and development/broadening initiatives have been carried out together on areas such as; social welfare, adult education, city planning, democracy, gender

equality, culture, PR/communication, human resources, elderly care, rescue service, technical services, budget/finance, business development and Agenda 2030.

According to the overview, the partners have been granted totally SEK27 000 000 or R40,803,750 during the past 14 years which includes approximately 120 international visits and 700 project delegates. Right now, the partnership includes three on-going projects (1. New Coordination Structure to support vulnerable families 2 Development of an Energy Plan in line with Agenda 2030 and 3.Public skills-training to create new job opportunities and fight poverty.

Besides the existing partnership projects the ICLD offers training programmes aimed to capacitate decision-makers and administrative officials in Swedish partner countries, whether they work in the public sector, within local and regional governmental organisations or voluntary organisations. The opportunity for the participants to learn from Swedish cutting edge skills, experience and methodologies in the field of local democracy development is what lies at the heart of the training programmes.

We are very proud of the partnership especially because the quality thereof can be seen on its longevity as well as the continual demand from both parties to find more and more ways of cooperating with one another.

## **PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

The Premier of NW Province has established the **Bokone Bophirima Premier Co-ordinating Committee (BBPCC)**. The Executive Mayor represents the municipality at this forum. The purpose of this forum is to close the gaps between municipalities and provincial government. Municipalities has to send items for discussion (written reports) on the agenda two months in advance for inclusion on the Agenda, and report on progress of the previous minutes. The forum meets once a quarter.

The JB Marks Local Municipality also participates in **NW Economic Development Environment Conservation and Tourism** forums. The Municipality also participate in North West Planning Commission. The commission assist municipalities in aligning their development programmes with the National Planning Commission's priorities.

The **North West Premier Technical Co-ordinating Committee** consists of the Administrative Staff of the Office of the Premier and all Municipal Managers.

## **DISTRICT INTERGOVERNMENTAL STRUCTURES**

In our District Municipality, the Dr Kenneth Kaunda District Municipality establish various IGR structures such as:-

- ✚ District Economic Development Forum
- ✚ Mining Forum
- ✚ Rural Economic Development Forum
- ✚ MM and CFO's Forum
- ✚ District IDP and PMS Forum

These forums meet quarterly to discuss planning in consultation with one another so as to solicit financial assistance form the district municipality in funding projects of mutual benefit to municipalities within the district. Councillors and Officials represents JB Marks Local Municipality in DR Kenneth Kaunda District Municipality, where issues of mutual interests are discussed, such as IDP and Budget, consultations and meetings as well as information sharing sessions, reporting and monitoring and evaluation.

**OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

Municipal Public Accounts Committee is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council.

MPAC undertake and manage similar functions and responsibilities for the municipalities, as undertaken by the Standing Committee of Public Account in the national and provincial legislatures, except for certain powers regarding subpoena of individuals. In the case of any irregular expenditure or any fruitless and wasteful expenditure incurred by the municipality or municipal entities, the MPAC have the right to call upon the Accounting Officer of the Municipality or the Chairperson of the municipal entity's board of Directors to appear before it to provide information or clarity.

The MPAC may engage directly with the public and consider public comments when received and be entitled to request for documents or evidence from the Accounting Officer of the Municipality.

Section 129(4) of the MFMA further provides for the issuance of guidance on the manner in which municipal councils should consider annual reports and conduct public hearing, and the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

**2.4 PUBLIC MEETINGS****COMMUNICATION, PARTICIPATION AND FORUMS**

JB Marks Local Municipality values the public participation of its community in governance. The municipality has established Ward Committees in all 34 Wards. Ward Committee provide an important role for the municipality to consult with its communities.

The Municipality and Ward Committees has initiated other mechanism of deepening and broadening public participation. These includes the compilation of a database of all relevant community and stakeholders organisations, informs Community, and Stakeholders of the municipality's intentions to embark on the Integrated Development Planning process by:-

Participating in the IDP Representative Forum to:-

- ✚ Inform interest groups, communities and organisations of relevant planning activities and their outcomes.
- ✚ Analyse issues, determine priorities, negotiate and reach consensus.
- ✚ Participate in the designing of project proposals and or in assessing them
- ✚ Discuss and comment on the draft IDP
- ✚ Ensure that annual business plans and budgets are based on and linked to the IDP
- ✚ Monitor Performance in implementation of the IDP

Mechanism and procedures for the public participation process:-

- ✚ Compilation of a database of all relevant community and stakeholder organisations and sent invitations.
- ✚ Informing community and stakeholders through the notices at prominent locations (e.g. pay points) etc.
- ✚ Advertisement in the local newspaper
- ✚ Ward meetings through ward councilor
- ✚ Radio announcements
- ✚ Direct notices in their billing accounts of the municipality.

Public Participation

- ✚ Venue for public participation: the venue of the IDP Rep Forum will be Offices of the Municipality. An assessment will be made to verify availability of the facilities and bookings will be made in advance.
- ✚ Time arrangements for participation
- ✚ Arrangements to be made at a times that will suit the majority of the participants.
- ✚ Transport arrangements
- ✚ Members of the IDP Rep Forum are liable for their own transport costs to the respective workshops.
- ✚ Arrangement for report back by representatives
- ✚ Representatives are encouraged to report back to their organisations after every session. The effectiveness of these report back are assessed by feedback from these organization.
- ✚ Stakeholder's comment on the draft document
- ✚ The participation programme will make sufficient allowance for stakeholders to comment on documentation before finalization by the IDP Steering Committee.
- ✚ Council meeting for approval
- ✚ Council meeting for the approval of the IDP will be open to the public.
- ✚ Availability of the IDP document to all stakeholders

\*Copies of the final IDP document will be available to all stakeholders and community

## WARD COMMITTEES

The main objective of a ward committee is to enhance participatory democracy in Local Government. The key purpose of ward committees is to increase the participation of local residents in municipal decision making as they are the direct link with the relevant council, they are the representative of the local ward, and they should be involved in matters such as the IDP, the Annual Municipal Budget, Council Projects and Key Policies, as these things impact on local people. **(See Appendix E)**

Ward Committees can identify and initiate projects to improve the lives of the people in the ward. They can support the councilor in dispute resolutions, providing information about municipal operations. They can monitor the performance of the municipality and raise issues of concern to the local ward and they can assist the community awareness campaigns on issues such as solid waste, water, sanitation, payment of fees and charges as members know their local communities and what council needs.

## PUBLIC MEETINGS

TOWN	DATE	TIME	VENUE
<b>IZIMBIZO</b>			
Tlokwe	24/05/2019	11:30	Lusaka Hall Ward 19
	15/06/2019	14:00	Marikana Ward 17
	16/06/2019	15:00	Ext 4 Ward 17
Ventersdorp	16/09/2018	14:00	Tshing Stadium
<b>MPAC</b>			
Potchefstroom (Tlokwe)	13 August 2019	10:00	Banquette Hall

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPI's, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPI's in the strategic plan?	Yes
Do the IDP KPIs align to the section 56 managers?	Yes
Do the IDP KPIs lead to functional are KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames	No

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

The scope of corporate governance includes political, administrative, inter-governmental governance and public accountability and participation to ensure that the municipality is managed to the desired requirements of the community and within the rules, processes and laws by which the municipality operates and is regulated and controlled.

The national and provincial outcomes for local government can be seen in **Appendix N**.

#### 2.6 RISK MANAGEMENT

JB Marks Local Municipality takes pride in the strides it has made to be a municipality of choice and recognises risk management as one of the key pillars in its quest to achieve its objectives. In compliance with Municipal Finance Management Act, section 62(i) (c) and Public Sector Risk Management framework, The Municipality have established a Risk Management division and an Accounting Officer has appointed a Risk Committee, which comprise of Internal members and an Independent External Chairperson, who is not in the employment of Council and is knowledgeable of the status of the position, have requisite Risk Ethics, Fraud and anti- Corruption expertise. All Internal members are Heads of Departments, who brings necessary expertise from different departments. The National Treasury (Risk Management Unit), Provincial Treasury (Municipal Support) serves as standing invitees in the Risk Committee.

The responsibilities of a Risk Committee are formally defined in a Charter that is reviewed and recommended by the Committee and subsequently approved by the Accounting Officer. This charter is due to serve before Council for adoption. The Risk Management Division is finalising its Risk assessment process that will ultimately produce the Risk Register of the Municipality.

Risk management is a valuable management tool which increases an Institution's prospects of success through minimising negative outcomes and optimising opportunities and the Municipality assent to the following benefits of the risk management;

- ✚ Value for money
- ✚ Increased confidence in achieving the municipal priorities and outcomes
- ✚ Constrain threats to avoidable risks
- ✚ Informed decisions and exploitation of opportunities
- ✚ Ensure that the right balance is struck between risks and rewards
- ✚ Improve working partnership arrangements and corporate governance
- ✚ Ensure ultimately that the municipality maximises its opportunities and minimises the impact of the risks it faces, thereby improving the ability to deliver good services to the community at large.

*"Managing risk is very different from managing strategy. Risk management focuses on the negative-threats and failures rather than opportunities and successes."* By Robert S. Kaplan.

#### 2.7 ANTI-CORRUPTION AND FRAUD

Risk Management Division is a custodian of Anti-Fraud and corruption Strategy and policies of the Municipality. Currently, the responsibility of combating fraud and corruption is at a developmental stage since the Fraud and Corruption Prevention Strategy and other similar governance policies are at Portfolio Committees of Council for assessment before submission to Council for approval. All incidents relating to fraud and corruption are currently reported through the Office of the Executive Mayor and Municipal Manager, as well as a clean line or hotline at Finance Department for all water and electricity illegal connections. Some are also at this reported to the Office of the Premier's hotline and Presidential Hotlines. The Risk Management is in the process to establish its own hotline.

Section 83(c) of the Municipal Systems Act (MSA) refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), Section 112(1) (m) (i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that

the Accounting Officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimise the likelihood of corruption and fraud.

## **2.8 SUPPLY CHAIN MANAGEMENT**

### **OVERVIEW OF SUPPLY CHAIN MANAGEMENT**

#### **Description of the activity**

The Supply Chain Management is located in the Budget and Treasury Office. This function is responsible for the following:-

Reviewing Supply Chain Management Policy; compilation of the Supply Chain Management procedure manual enhancing buying of goods and services, compiling a list of accredited prospective service providers according to expertise, and reporting the implementation of SCM quarterly.

#### **Current Situation**

Currently the section is responsible for processing of orders on all procurements done for the municipality, advertisement of all tenders and serving as secretariat to bids committees. The senior managers, middle management and supply chain practitioners received training on the policy and supply chain processes to ensure adherence to the law and regulations. Contract management training was also provided finance officials.

The challenge facing the section is to ensure the buying of goods and services are done within the prescripts of supply chain management policy. The Disposal Management Committee must be established in terms of the Supply Chain Regulations.

#### **Supply Chain Management Strategies**

A preferred list of suppliers/service providers, based on the principle of supporting the local economy, will be prepared.

To have a procedure manual develop and implemented.

To make sure that all documents are safely kept for Audit purpose.

To train staff in other departments in the internal procedures of the SCM

## **2.9 BY-LAWS**

The By-laws of the Tlokwe region were made legally compliant and applicable to Council in terms of section 12,14 and 15 of the Local Government: Municipal Structures Act, of 1998 (ACT 117 of 1998). For the JB Marks as a whole, Municipality is in the process of rationalising By-Laws.

## **2.10 WEBSITE**

All documents published on the municipality's website as per stipulated by legislation: Link [www.jbmarks.co.za](http://www.jbmarks.co.za)

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Documents published on the Municipality's Website	Yes/No	Publishing date
Current annual and adjustments budgets and all budget-related documents	YES	16/09/2019
All current budget-related policies	NO	
The annual report 2016/2017 published	YES	15/09/2018
All current performance agreement required in terms of section 57 (1)(b) of the Municipal Systems Act (2000) and resulting scorecard	YES	01/06/2019
All quarterly reports tabled in the Council in terms of section 52(d) during 2018/2019	YES	
All Service Delivery Agreements 2018/2019	YES	
All long term borrowing contracts 2018/2019	NO	
All Supply Chain Management Contracts above a prescribed value 2018/2019	YES	Ongoing
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during 2018/2019	NO	

### PUBLIC SATISFACTION LEVELS

In order to give effect to the provisions of the Local Government: Municipal System Act, Act 32 of 2000 as amended, chapter 6 section 42 and chapter 8 section 73(2)(e), every department should be issued with questionnaires for the public to evaluate and comment on the service rendered by the municipality.

The questionnaires will assist in improving and identifying areas which need to be improved and will also provide new ideas in order to improve performance by various municipal departments. No reported surveys during 2018/2019.

The municipality is receiving funding from Municipal Infrastructure Grant. This grant is mainly focused on the previous disadvantage areas and our community is appreciating the effort that the municipality is making in improving their lives by giving them the necessary infrastructure.

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# ***Chapter 3***

# Chapter 3

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

### INTRODUCTION

Service Delivery in terms of the Constitution of the Republic of South Africa, Schedule 4, Part B determines the functions of the municipality and therefore its responsibility towards the community. In terms of the IDP and the strategic objectives of the JB Marks Local Municipality, certain issues are set out to be achieved during the financial year.

### DEFINITION OF A HOUSEHOLD/HOUSING UNIT

**Household:** A household consist of a person, or a group of persons, who occupy common dwelling (or part of it) for at least four days a week and who provide themselves jointly with food and other essentials for living. In other words, they live together as a unit. People who occupy the same dwelling but who do not share food or other essentials were counted as separate households during 2011 census. E.g. people who shared a dwelling but who bought food ate separately were counted as separate households.

Visitors, both foreign and South African, as well as boarders who stayed with a household on census night, 9 October 2011, were counted as part of that household. People who were absent on census night, but were not counted elsewhere (either because they were working, travelling, at a church vigil, at an entertainment centre, and etc.) and returned to the household on Tuesday, 10 October, were counted as part of the household. Live-in domestic workers and live in employees were regarded as separate households (Statistics SA, Census 2011)

**House Unit:** A housing unit is a unit of accommodation for a household, which may consist of one structure or more than one structure, or may be part of a structure. (E.g. A house, a group of rondavels and a flat). In informal areas and overcrowded conditions a housing unit may house more than 1 household.

The types of living quarters classified as housing units are as follows:-

House or brick structure on a separate stand or yard  
Traditional dwelling/hut/structure made of traditional material  
Flat in block or flats  
Town/cluster/semi-detached house (simplex, duplex, triplex)  
House/flat/room in back yard  
Informal dwelling/shack in back yard or not in back yard. E.g. in an informal/squatter settlement  
Room/flat that is let, not in a back yard but on a shared property  
Caravan or tent  
Private ship/boat  
(Statistics SA, Census 2011)

### DEFINITION OF AN INFORMAL SETTLEMENT

Informal settlements are groups of people living on land to which they have no legal claim. It is also known as an unplanned settlement on land which has not been surveyed or proclaimed as residential, consisting mainly of informal dwellings, informal settlements are also referred to as squatter settlements, slums or a shanty towns)  
(Statistics SA, Census 2011)

## COMPONENT A: BASIC SERVICE DELIVERY

This component includes: - Water; Waste Water (Sanitation); Electricity; Road and Storm Water Services, housing services and a summary of free basic services.

### INTRODUCTION TO BASIC SERVICE

Service Delivery in terms of the Constitution of the Republic of South Africa, schedule 4, Part B determines the functions of the municipality and therefore its responsibility towards the community. In terms of the IDP and Strategic objectives of the JB Marks LM goals have been set out to be achieved during the financial year.

The following table sets out challenges that influence basic service provision standards:-

BASIC SERVICE PROVISION	CHALLENGE
Water	Limited funding - both Capital and Operational
	Ageing infrastructure
	Water losses/ Illegal connections
	Lack of knowledgeable personnel
Sanitation (Waste- Water)	Limited funding - both Capital and Operational
	Ageing infrastructure
	Unnecessary drain blockages
	Lack of knowledgeable personnel
Electricity	Limited funding - both Capital and Operational
	Ageing infrastructure
	Electricity losses/Illegal connections
	Lack of knowledgeable personnel
Roads and Storm water drainage	Limited funding - both Capital and Operational
	Ageing infrastructure
Refuse removal and solid Waste disposal	Ageing fleet Personnel shortage Financial Constraints Capacity shortage Growing City Shortage of resource ( Trucks, Refuse Bin Access Road to landfilled depleted

### 3.1 WATER PROVISION

#### INTRODUCTION TO WATER PROVISION

JB Marks Local Municipality has eight registered Drinking Water Systems. One Water Treatment Plant system in Potchefstroom and Ventersdorp region respectively as well as six boreholes systems at the villages in Ventersdorp region. No Blue Drop system audit was done since 2014, where Potchefstroom and Ventersdorp region obtained compliance of 97% and 25% respectively. In terms of monitoring schedules in compliance to Blue Drop System, Ventersdorp before being amalgamated with the then Tlokwe City Council was monitoring its Drinking water once a month at Midvaal Water Company Laboratories through the assistance of Dr KK District Municipality.

However after the amalgamation of the two municipalities, drinking water in Ventersdorp is monitored weekly from the Water Treatment Plant and bi-weekly at the urban network as well as village boreholes and network at the municipal Laboratory in Potchefstroom. Drinking water quality is one of the requirements that contribute 30%, however a system must get >95% of the 30% to obtain Blue Drop Status. The quality compliance is measured from January to December of each year. Below is the status quality of water in JB Marks Local Municipality.

## WATER QUALITY REPORT FOR THE PERIOD 1 JANUARY 2018 TO 31 DECEMBER 2018

### POTCHEFSTROOM

#### TREATED WATER ANALYSES PERFORMANCE:

##### 1. MICROBIOLOGICAL SAFETY REQUIREMENTS OF TREATED WATER:

DETERMINANT	UNITS	SANS 241-1 LIMITS	AVERAGE	NUMBER OF ANALYSES	FAILURES
<i>E.coli</i>	Count/100 ml	0	0.10	2275	1
Heterotrophic Plate Count	Count/1 ml	< 1000	3.08	2124	0
Total Coliforms	Count/100 ml	< 10	0.11	2275	1
Somatic Coliphages	Count/10 ml	<1	0	8	0
Total Microbiological Determinants				6682	2

##### 2. CHEMICAL DETERMINANTS:

DETERMINANT	UNITS	SANS LIMITS 241-1	AVERAGE	NUMBER OF SAMPLES	FAILURES
Aluminum as Al	µg/l	< 300	11.91	156	0
Ammonia as N	mg/l	< 1.5	0.2	156	0
Antimony as Sb	µg/l	< 20	0.9	149	0
Arsenic as As	µg/l	< 10	0.96	149	0
Barium as Ba	µg/l	N/A	20.96	149	0
Cadmium as Cd	µg/l	< 3	2.3	149	0
Calcium as Ca	mg/ l	N/A	80.86	156	0
Chloride as Cl <sup>-</sup>	mg/l	< 300	44.4	156	0
Cobalt as Co	µg/l	< 500	18.31	149	0
Copper as Cu	µg/l	< 2000	8.13	156	0
Fluoride as F <sup>-</sup>	mg/ l	< 1.5	0.19	156	0
Free Available Chlorine	mg/l	< 5	1.37	2124	0
Hexavalent Chromium	µg/l	< 50	8.53	156	0
Iron as Fe	µg/l	< 2000	22.56	156	0
Lead as Pb	µg/l	< 10	7.26	149	1
Magnesium as Mg	mg/l	N/A	58.48	156	0
Manganese as Mn	µg/l	< 400	24.35	156	0
Mercury as Hg	µg/l	< 6	0.85	149	0
Nickel as Ni	µg/l	< 70	18.73	149	0
Nitrate as N	mg/l	< 11	0.47	156	0

Nitrite as N	mg/l	< 0.9	0.01	156	0
Ortho Phosphate as P	mg/l	N/A	0.19	156	0
Selenium as Se	µg/l	< 40	2.48	156	0
Sulfate as SO <sub>4</sub>	mg/l	< 500	124.87	156	0
Total Chromium as Cr	µg/l	< 50	21.61	149	0
Total Hardness as CaCO <sub>3</sub>	mg/l	N/A	441.82	154	0
Uranium as U	µg/l	< 30	0.92	149	0
Vanadium as V	µg/l	< 200	18.52	149	0
Zinc as Zn	mg/l	< 5	0.09	36	0
<b>TOTAL</b>				<b>6293</b>	<b>1</b>

### 3. PHYSICAL DETERMINANTS:

DETERMINANT	UNIT	SANS 241-1 LIMITS	AVERAGE	NUMBER OF SAMPLES	FAILURES
Colour	mg/l Pc	< 15	5.22	156	3
Conductivity at 25°C	MS/m	< 170	62.53	2280	0
pH	pH units	> 5 and < 9.7	7.94	2280	0
Suspended Solids	mg/l	N/A	1.02	156	0
Total Dissolved Solids	mg/l	< 1200	452.94	156	0
Turbidity	NTU	< 1	0.55	2280	9
<b>TOTAL</b>				<b>7308</b>	<b>12</b>

TOTAL MICROBIOLOGICAL ANALYSES	<b>6682</b>
NUMBER OF MICROBIOLOGICAL FAILURES	<b>2</b>
TOTAL CHEMICAL ANALYSES	<b>6293</b>
NUMBER OF FAILURES	<b>1</b>
TOTAL PHYSICAL ANALYSES	<b>7308</b>
NUMBER OF FAILURES	<b>12</b>
TOTAL NUMBER OF ANALYSES	<b>20283</b>
NUMBER OF FAILURES	<b>15</b>
COMPLIANCE	<b>99.93%</b>

## VENTERSDORP

### WATER QUALITY REPORT FOR THE PERIOD 1 JANUARY 2018 TO 31 DECEMBER 2018

#### TREATED WATER ANALYSES PERFORMANCE:

##### 1. MICROBIOLOGICAL SAFETY REQUIREMENTS OF TREATED WATER:

DETERMINANT	UNITS	SANS 241-1 LIMITS	AVERAGE	NUMBER OF ANALYSES	FAILURES
<i>E.coli</i>	Count/100 ml	0	0	235	0
Heterotrophic Plate Count	Count/1 ml	< 1000	5.97	235	0

Total Coliforms	Count/100 mℓ	< 10	0.02	235	0
Somatic Coliphages	Count/10 mℓ	<1	0	3	0
Total Microbiological Determinants				708	0

2. CHEMICAL DETERMINANTS:

DETERMINANT	UNITS	SANS LIMITS 241-1	AVERAGE	NUMBER OF SAMPLES	FAILURES
Aluminum as Al	µg/ℓ	< 300	9.14	21	0
Ammonia as N	mg/ℓ	< 1.5	0.21	22	0
Antimony as Sb	µg/ℓ	< 20	0.84	13	0
Arsenic as As	µg/ℓ	< 10	0.93	13	0
Barium as Ba	µg/ℓ	N/A	17.23	13	0
Cadmium as Cd	µg/ℓ	< 3	2.04	13	0
Calcium as Ca	mg/ ℓ	N/A	60.58	22	0
Chloride as Cl <sup>-</sup>	mg/ℓ	< 300	14.27	22	0
Cobalt as Co	µg/ℓ	< 500	15.58	13	0
Copper as Cu	µg/ℓ	< 2000	8.23	22	0
Fluoride as F <sup>-</sup>	mg/ ℓ	< 1.5	0.09	22	0
Free Available Chlorine	mg/ℓ	< 5	0.52	235	0
Hexavalent Chromium	µg/ℓ	< 50	10.95	22	0
Iron as Fe	µg/ℓ	< 2000	21.82	22	0
Lead as Pb	µg/ℓ	< 10	6.23	13	0
Magnesium as Mg	mg/ℓ	N/A	49.1	22	0
Manganese as Mn	µg/ℓ	< 400	14.77	22	0
-Mercury as Hg	µg/ℓ	< 6	0.69	13	0
Nickel as Ni	µg/ℓ	< 70	16.03	13	0
Nitrate as N	mg/ℓ	< 11	1.86	22	0
Nitrite as N	mg/ℓ	< 0.9	0.01	21	0
Ortho Phosphate as P	mg/ℓ	N/A	0.35	22	0
Selenium as Se	µg/ℓ	< 40	1.77	13	0
Sulfate as SO <sub>4</sub>	mg/ℓ	< 500	2.14	22	0
Total Chromium as Cr	µg/ℓ	< 50	23.15	13	0
Total Hardness as CaCO <sub>3</sub>	mg/ℓ	N/A	352.73	22	0
Uranium as U	µg/ℓ	< 30	0.66	13	0
Vanadium as V	µg/ℓ	< 200	16.15	13	0
TOTAL				719	0

3. PHYSICAL DETERMINANTS:

DETERMINANT	UNIT	SANS 241-1 LIMITS	AVERAGE	NUMBER OF SAMPLES	FAILURES
Colour	mg/l Pc	< 15	2.41	22	0
Conductivity at 25°C	MS/m	< 170	42.96	235	0
pH	pH units	> 5 and < 9.7	8.18	235	0
Suspended Solids	mg/l	N/A	1.2	22	0
Total Dissolved Solids	mg/l	< 1200	293.86	22	0
Turbidity	NTU	< 1	0.72	235	1
<b>TOTAL</b>				<b>771</b>	<b>1</b>

TOTAL MICROBIOLOGICAL ANALYSES	<b>708</b>
NUMBER OF MICROBIOLOGICAL FAILURES	<b>0</b>
TOTAL CHEMICAL ANALYSES	<b>719</b>
NUMBER OF FAILURES	<b>0</b>
TOTAL PHYSICAL ANALYSES	<b>771</b>
NUMBER OF FAILURES	<b>1</b>
TOTAL NUMBER OF ANALYSES	<b>2198</b>
NUMBER OF FAILURES	<b>1</b>
COMPLIANCE	<b>99.95%</b>

**VENTERSDORP VILLAGES' BOREHOLES**

**WATER QUALITY REPORT FOR THE PERIOD 1 JANUARY 2018 TO 31 DECEMBER 2018**

TREATED WATER ANALYSES PERFORMANCE:

1. MICROBIOLOGICAL SAFETY REQUIREMENTS OF TREATED WATER:

DETERMINANT	UNITS	SANS 241-1 LIMITS	AVERAGE	NUMBER OF ANALYSES	FAILURES
<i>E.coli</i>	Count/100 ml	0	1.88	297	19
Heterotrophic Plate Count	Count/1 ml	< 1000	12.88	297	0
Total Coliforms	Count/100 ml	< 10	11.96	297	39
Somatic Coliphages	Count/10 ml	<1	0	49	0
Total Microbiological Determinants				<b>940</b>	<b>58</b>

2. CHEMICAL DETERMINANTS:

DETERMINANT	UNITS	SANS 241-1 LIMITS	AVERAGE	NUMBER OF SAMPLES	FAILURE S
Aluminum as Al	µg/l	< 300	12.43	134	0
Ammonia as N	mg/l	< 1.5	0.14	140	0
Antimony as Sb	µg/l	< 20	0.87	71	0
Arsenic as As	µg/l	< 10	0.91	71	0

Barium as Ba	µg/l	N/A	18.32	71	0
Cadmium as Cd	µg/l	< 3	2.25	71	0
Calcium as Ca	mg/ l	N/A	60.31	140	0
Chloride as Cl <sup>-</sup>	mg/l	< 300	8.51	140	0
Cobalt as Co	µg/l	< 500	16.72	71	0
Copper as Cu	µg/l	< 2000	8.59	140	0
Fluoride as F <sup>-</sup>	mg/ l	< 1.5	0.09	140	0
Free Available Chlorine	mg/l	< 5	0.04	297	0
Hexavalent Chromium	µg/l	< 50	10.04	140	0
Iron as Fe	µg/l	< 2000	16.93	140	0
Lead as Pb	µg/l	< 10	6.74	71	0
Magnesium as Mg	mg/l	N/A	40.75	140	0
Manganese as Mn	µg/l	< 400	18.35	140	0
Mercury as Hg	µg/l	< 6	0.73	71	0
Nickel as Ni	µg/l	< 70	17.15	71	0
Nitrate as N	mg/l	< 11	1.69	140	0
Nitrite as N	mg/l	< 0.9	0.35	140	0
Ortho Phosphate as P	mg/l	N/A	1.13	71	0
Selenium as Se	µg/l	< 40	1.74	140	0
Sulfate as SO <sub>4</sub>	mg/l	< 500	21.96	71	0
Total Chromium as Cr	µg/l	< 50	317.77	140	0
Total Hardness as CaCO <sub>3</sub>	mg/l	N/A	0.72	71	0
Uranium as U	µg/l	< 30	16.89	71	0
Vanadium as V	µg/l	< 200	0.35	140	0
<b>TOTAL</b>				<b>3238</b>	<b>0</b>

3. PHYSICAL DETERMINANTS:

DETERMINANT	UNIT	SANS LIMITS 241-1	AVERAGE	NUMBER OF SAMPLES	FAILURES
Colour	mg/l Pc	< 15	2.88	140	0
Conductivity at 25°C	MS/m	< 170	37.31	297	0
pH	pH units	> 5 and < 9.7	7.5	297	0
Suspended Solids	mg/l	N/A	0.98	140	0
Total Dissolved Solids	mg/l	< 1200	237.01	140	0
Turbidity	NTU	< 1	0.4	297	0
<b>TOTAL</b>				<b>1311</b>	<b>0</b>



TOTAL MICROBIOLOGICAL ANALYSES	940
NUMBER OF MICROBIOLOGICAL FAILURES	58
TOTAL CHEMICAL ANALYSES	3238
NUMBER OF FAILURES	0
TOTAL PHYSICAL ANALYSES	1311
NUMBER OF FAILURES	0
TOTAL NUMBER OF ANALYSES	5489
NUMBER OF FAILURES	58
COMPLIANCE	98.94%

#### **TOTAL COMPLIANCE FOR JB MARKS (POTCHEFSTROOM AND VENTERSDORP)**

TOTAL MICROBIOLOGICAL ANALYSES	8330
NUMBER OF MICROBIOLOGICAL FAILURES	60
TOTAL CHEMICAL ANALYSES	10250
NUMBER OF FAILURES	1
TOTAL PHYSICAL ANALYSES	9390
NUMBER OF FAILURES	13
TOTAL NUMBER OF ANALYSES	27970
NUMBER OF FAILURES	74
COMPLIANCE	99.74%

As per the Blue Drop requirements, SANS 241-1 2015 analyses were done through SANAS accredited Water lab Laboratories to validate these analytical results. Their findings were in line with these results.

<b>TOTAL USE OF WATER BY SECTOR (KILO LITRE)</b>				
<b>Year</b>	<b>Agriculture/ Commercial</b>	<b>Industrial</b>	<b>Domestic</b>	<b>Unaccountable Water Losses</b>
<b>2016/2017</b>	670355KL	4250050	8808923	8.07%
<b>2017/2018</b>		1258970	8946 593	13.84%
<b>2018/2019</b>	5549260KL	3077906	11219221	

<b>ACCESS TO WATER</b>			
<b>Year</b>	<b>Proportion of households with access to water points</b>	<b>Proportion to households with access to piped water</b>	<b>Proportion *of households receiving 6KL Free</b>
<b>2016/2017</b>	100%	72%	65%
<b>2017/2018</b>	100%	98%	100%
<b>2018/2019</b>	100%		100 %

WATER SERVICE DELIVERY LEVELS			
			Households
Description	Actual No.	Actual No.	Actual No.
	2016/2017	2017/2018	2018/2019
<b>Water: (above min.level)</b>			
Piped water	5056	78345	78345
Piped water inside yard (but not in dwelling)	12 468	16564	16564
Using public tap (within 200m from dwelling)	6726	8869	8869
<i>Minimum service level and above – subtotal</i>	64 692	103 778	103 778
<i>Minimum service level and above – percentage</i>	100%	98%	98%
<b>Water: (below min. level)</b>			
Using public tap (more than 200m from dwelling)	5184	5906	5906
Other water supply (borehole) (more than 200m from dwelling)	359	2958	2958
No water supply	N/A	N/A	N/A
<i>Below minimum service level – subtotal</i>	5543	8864	8864
<i>Below minimum service level – percentage</i>	23.8%	8.5%	8.5%
<b>TOTAL NUMBER OF HOUSEHOLDS</b>	<b>70 235</b>	<b>103 778</b>	<b>103 778</b>

WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM					
Households					
Description	2016/2017	2017/2018	2018/2019		
	Actual No	Actual No	Original	Adjustment	Actual
<b>Formal Settlements</b>					
Total households	64692	85848	85848	N/A	85848
Households above minimum service level	5543	8867	103 778	N/A	103 778
Proportion of households below	8.57%	10%	98%	N/A	98%
Minimum service level	0			N/A	
<b>Informal Settlements</b>				N/A	
Total households	5184	9123	9123	N/A	9123
Households below minimum service level	426		8864	N/A	8864
Proportion of households below Minimum service level	8.22%		8.5%	N/A	8.5%

## COMMENT ON WATER PROVISION

The Water Section of the JB Marks Municipality has the following challenges:

- ✚ Ageing water infrastructure
- ✚ Staff shortages due to delays in the process of qualified staff being appointed
- ✚ Overtime allowance increases as filling of posts is delayed
- ✚ Upgrading of old distribution network
- ✚ Slow supply chain processes to procure goods or services

- ✚ Vandalized, tampered with or stolen water meters
- ✚ Water losses due to worn-out network

## EMPLOYEE INFORMATION

EMPLOYEES: WATER SERVICES					
Job Level	2017/2018	2018/2019			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	1	2	1	1	50%
7-9	9	12	9	3	25%
10-12	9	14	9	5	36%
13-15	16	20	14	6	30%
16-18	33	43	33	10	23%
19-20	0	0	0	0	0%
Total	68	91	67	24	26%

FINANCIAL PERFORMANCE 2018/2019: WATER SERVICES						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	90 849 001	117 925 338	108 492 919	112 886 519	150 032 593	28%
Expenditure:						
Employees	13 469 598	12 688 799	20 672 291	20 672 921	22 451 603	8%
Repairs and maintenance	6 162 932	4 572 253	6 970 977	6 400 544	4 735 556	-47%
Other	5 537 118	36 437 425	64 328 577	67 188 847	54 520 362	-18%
Total operational expenditure	25 169 648	53 698 477	91 972 475	94 262 312	81 707 522	-13%
Net operational expenditure	-65 679 353	64 226 861	-16,520,444	-18 624 207	-68 352 071	76%

## COMMENT ON WATER SERVICES OVERALL PERFORMANCE

Due to procurement, constraints as well as financial constraints achievement of targets set out in the IDP are difficult to achieve 100% target. In order to address the targets Council must source external funding (private/governmental) to achieve targets set in the IDP.

## NATIONAL KEY PERFORMANCE INDICATOR

# OBJECTIVES TAKEN FROM THE IDP (Complete Annual Performance Report available in chapter 3) Organisational Development Performance Part II

Functional Area	Strategic Objective	Previous Financial Year		Annual Performance Target	Financial Year Under Review 2018/2019					
		2016/2017	2017/2018		Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Performance	Actual Budget Expenditure
IDP- MIG funding-Capital Project  PMU-Water  Multi-Year Project from 2017/2018 to 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	Designs Completed	constructed with Bulk Water Supply in Boikhutso (Ward 32) by June 2019	upgraded with bulk water reticulated in Boikhutso (Ward 32) by 30 June 2019	upgraded with bulk water reticulated in Boikhutso (Ward 32) by 30 June 2019	R 10 000 000.00  Vote Number: 070736030000	N/A	30% upgraded with bulk water reticulated in Boikhutso (Ward 32) by 30 June 2019	R8 974 838.96
IDP-MIG Funding-Capital Project  PMU-Water  Multi-Year Project from 2017/2018 to 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Designs of upgraded with Bulk Water Supply in Goedgevonden (Ward 31) by Dec 2018	N/A	N/A	R1 500 000.00  Vote Number: 070736030001	N/A	100% of Designs of upgraded with Bulk Water Supply in Goedgevonden (Ward 31) by Dec 2018	R1 493 555.57
PMU – Water  Multi-Year Project	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	constructed Water Reticulation in Ikageng Ext 13 (Phase 1) by June 2019	N/A	N/A	R8 500 000.00  Vote Number: 070740030186	R6 363 526.00	63%constructed Water Reticulation in Ikageng Ext 13 (Phase 1) by June 2019	R6 212 563.25

### 3.2 WASTE WATER (SANITATION) PROVISION

#### INTRODUCTION TO SANITATION

Apart from Green Drop Pat done every second year, the last Green Drop System Audit was fully done in 2013, however there was no recognition of best performers due to non-release of the 2013 Green Drop Report. Therefore the municipality's Potchefstroom WWTP is still holding its 2011 Award. The municipality is targeting to obtain a Green Drop status for its Ventersdorp WWTP in order to continuously upgrade to uphold a high standard of service delivery.

#### ACHIEVEMENTS OF GREEN AND BLUE DROPS ARE AS FOLLOWS:-

Green Drop status 93.23% } This information is for 2013 from the Water Affairs  
Blue Drop Status 97.20%

SANITATION SERVICE DELIVERY LEVEL			
*HOUSEHOLDS*			
Description	2016/2017 Actual No.	2017/2018 Actual No.	2018/2019 Actual No.
<b>Sanitation/Sewerage:</b> (above minimum level)			
Flush toilet (connected to sewerage)	0	55 703	55 703
Flush toilet (with septic tank)	35	0	0
Chemical toilet	363		
Pit Toilet (ventilated)	4295	4 374	4 374
Other toilet provisions (above minimum service level)	36520	1 468	1 468
<i>Minimum service level and above – subtotal</i>	100%	61 545	61 545
<i>Minimum service level and above – percentage</i>		97%	97%
<b>Sanitation/sewerage:</b> (below minimum level)	0		
Bucket toilet	0		
Other toilet provisions (below minimum service level)	426	726	726
No toilet provisions	426	615	615
<i>Below minimum service level – subtotal</i>		2 083	2 083
<i>Below minimum service level – percentage</i>	1.131%	3%	3%
<b>Total Households</b>	31827	62 886	62 886

HOUSEHOLDS – SANITATION SERVICES DELIVERY LEVELS BELOW THE MINIMUM				
Households				
Description	Actual No	2018/2019		
		Original Budget No.	Adjusted Budget No.	Actual No
<b>Total households</b>				
Households below minimum service level	426	726	2 083	2083
Proportion of households below	1.131%	0	0	0
Minimum service level	1.131%	0	0	0
<b>Informal Settlements</b>				
Total households		9123	0	9123
Households below minimum service level		8146	0	8146
Proportion of households below		89%		89%

#### EMPLOYEE INFORMATION

EMPLOYEES: SANITATION SERVICES					
Job Level	2017/2018	2018/2019			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	1	3	1	2	67%
7-9	0	11	0	11	100%
10-12	1	1	1	0	0%
13-15	4	10	4	6	60%
16-18	36	39	32	7	18%
19-20	0	0	0	0	0%
Total	42	64	38	26	41%

FINANCIAL PERFORMANCE 2018/2019: SANITATION SERVICES						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget*
Total operational revenue	70 368 565	66 517 097	66 650 892	72 033 200	65 177 823	-2%
Expenditure:						
Employees	13 618 523	20 092 211	14 118 572	14 118 572	20 458 177	31%
Repairs and maintenance	11 862 734	17 620 564	18 857 501	27 465 168	18 634 838	-1%
Other	28 057 898	22 761 832	37 845 018	42 928 867	33 954 293	-11%
Total operational expenditure	53 539 155	60 474 607	70 821 091	84 512 607	73 047 308	3%
Net operational expenditure	-16 829 410	6 042 490	4 170 199	12 479 407	7 869 485	47%

## COMMENTS ON SANITATION OVERALL PERFORMANCE

Bi-annually, the Department of Water Affairs undertakes a prescribed National evaluation of the Waste Water Treatment Works and Reticulation Networks and per the outcomes of the last two evaluations the Potchefstroom Region was rated number one and number two in the whole of South Africa. The JB Marks Local Municipality is extremely proud of this achievement especially in comparisons with the Metropolitan Municipalities throughout the country.

Priority was given during the period under review to the upgrading of the main outfall sewers so as to provide a healthy, hygienic environment for the Communities within the Greater Potchefstroom

## NATIONAL KEY PERFORMANCE INDICATOR

**OBJECTIVES TAKEN FROM THE IDP (Complete Annual Performance Report available in chapter 3) Organisational Development Performance Part II**

Functional Area	Strategic Objective	Previous Financial Year		Annual Performance Target	Financial Year Under Review 2018/2019					
		2016/2017	2017/2018		Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Performance	Actual Budget Expenditure
IDP- MIG funding-Capital Project  PMU-Sanitation  Multi-Year Project from 2017/2018 to 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	460 households upgraded	upgraded (Phase D) with Sewer in Ikageng Proper (Ward 14) by June 2019	N/A	upgraded (Phase D) with Sewer in Ikageng Proper (Ward 14) by June 2019	R 4 500 000.00  Vote Number: 070500060060	N/A	182 Households upgraded (phase D) with Sewer in Ikageng Proper (Ward 14 by June 2019	R4 302 974.15
IDP- WSIG funding-Capital Project  PMU-Water	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	New Project	New Project	Waste Water Treatment Works Upgraded in VSD (All Wards) in by June 2019	N/A	N/A	R 20 000 000.00  Vote Number: 070740000009	N/A	100% of Waste Water Treatment Works Upgraded in VSD (All Wards) in by June 2019	R20 641 057.29

### 3.3 ELECTRICITY PROVISION

#### INTRODUCTION TO ELECTRICITY PROVISION

The Municipality's Electrical Section has during the year under review made significant progress on developing strategic documents to help fast track service delivery and stimulate the economic growth. The unit worked on developing an Electricity Master Plan for both regions of the Municipality in line with the existing Spatial Development Frameworks. The Municipality had also started developing an Energy Strategy that is in line with the provisions of the Agenda 2030 Sustainable development goals and the National Development Plan. Both documents are at 85 % completion. This is an effort that the Municipality is making in ensuring that we comply with the provisions of section 152 (b) of the Constitution of the Republic of South Africa by making sure that the services we provide to our Communities are indeed sustainable.

The Municipality received funding from the INEP programme to deliver basic services by connecting a further 1516 households to the grid for the year under review still. The National Solar Water Programme will also continue this year. The Municipality has been allocated 5000 units for installation. This Project will also see 154 job-less people being trained on the installation of these geysers. This will leave the trainees with knowledge and know how to do repairs and maintenance to these units if they were to fail in future. The capacity to do these repairs will be at reach as the training will only cater for local people.

In the next financial year the unit will be implementing a few network expansions and strengthening /projects. These projects will be emanating from the completed Electricity Master Plan Study. The unit will also continue with an Energy Efficiency and Demand Side Management Project that will see the retrofit of 728 of 600 watt High Pressure Sodium lights being replaced with 728 units of 463 watt LED lights. This programme will continue to save energy and create spare capacity to cater for future developments.

The National Energy Regulator (NERSA) had also during the year under review completed a Distribution Compliance Audit. The unit is happy to mention that the Electricity Network of the Municipality did comply with most of the conditions of the NERSA license.

#### PROVISION OF ELECTRICITY BY 2018/2019

ELECTRICITY SERVICE DELIVERY LEVELS			
Description	2016/2017	2017/2018	2018/2019
	Actual No.	Actual No.	Actual No.
<b>Energy: (above minimum level)</b>		50476	
Electricity – prepaid (minimum service level)	35805	40253	56003
Electricity – other (minimum service level)	8496	6629	13231
<i>Minimum service level and above – subtotal</i>	44303	46882	69234
<i>Minimum service level and above – percentage</i>	76%	93%	96%
<b>Energy: (below minimum level)</b>			
Electricity (minimum service level)	16969	16969	7768
<i>Below minimum service level – subtotal</i>	444	16969	7768
<i>Below minimum service level – percentage</i>	2.5%	34%	
<b>Total number of households</b>	<b>70 235</b>	<b>67099</b>	<b>71789</b>



SERVICE DELIVERY STATISTICS			
DETAILS	2016/2017	2017/2018	2018/2019
<b>Customer Care Office</b>			
Streetlight complaints received	756	1861	2016
Lower Voltage service connections complaints received	10950	14338	9027
High mast light complaints received	15	48	39
<b>Planning</b>			
Request for electricity supply	227	161	201
Connections made	180	161	15
Business license inspections	150	384	180
Electrical installation inspections	860	604	Finance
Meter tampering investigations carried out	1080	12561	Finance
Meter tampering fines issued	Finance		
<b>Electrical Distribution</b>			
High mast lights repaired	15	34	66
Street lights repaired	756	1578	1268
Low Voltage service connections repaired	10950	14338	12208
<b>Fleet Maintenance</b>			
Number of vehicles serviced	235	112	89
Number of other equipment repaired	45	31	62
<b>Mechanical Workshop</b>			
Water pumps repaired	Done by quotation basis through service providers	Done by quotation basis through service providers	Done by quotation basis through service providers
Sewerage pumps repaired	45	28	33
Hydraulic system repaired	15	6	36
Welding works done			

## EMPLOYEE INFORMATION

EMPLOYEES: ELECTRICAL AND MECHANICAL ENGINEERING					
Job Level	2017/2018	2018/2019			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	2	2	2	1	0%
4-6	3	5	3	2	40%
7-9	27	39	32	7	18%
10-12	4	8	4	2	25%
13-15	27	36	26	5	13.9%
16-18	42	43	43	11	25.6%
19-20	0	0	0	0	0%
Total	105	133	116	24	20.69%

FINANCIAL PERFORMANCE 2018/2019: ELECTRICAL AND MECHANICAL SERVICES						
R'000						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	569 026 459	689 207 733	731,850,614	763,817,314	699,614,707	-5%
Expenditure:						
Employees	24 710 815	27 828 152	40 340 343	40 340 343	32 243 906	-25%
Repairs and maintenance	16 164 303	14 624 083	22 186 082	17 193 364	23 642 165	6%
Other	422 622 875	408 518 192	610 434 954	556 984 765	503 590 501	-21%
<b>Total operational expenditure</b>	463 497 993	450 970 427	672 961 379	614 518 472	680 505 196	-20%
<b>Net operational expenditure</b>	-105 528 466	238 237 306	-58 889 235	-149 298 842	140 138 135	58%

## NATIONAL KEY PERFORMANCE INDICATOR

# OBJECTIVES TAKEN FROM THE IDP (Complete Annual Performance Report available in chapter 3) Organisational Development Performance Part II

Functional Area	Strategic Objective	Previous Financial Year		Annual Performance Target	Financial Year Under Review 2018/2019					
		2016/2017	2017/2018		Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Performance	Actual Budget Expenditure
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	supplied with electricity service connection in Boikhutso Phase 2 (Ward 32) by June 2019	supplied with electricity connections in Boikhutso - Ward 32 by 30 June 2019 (Phase 2)	supplied with electricity connections in Boikhutso by 30 June 2019 (Phase 2)	R 3 317 000.00  Vote Number: 070671050024	N/A	Project progress 211 HH installations, but not energised.	R2 520 403.66
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	electrification installed in Boikhutsong Phase 2 (Ward 31) by June 2019	supplied with electricity connections in Boikhutsong - Ward 31 by 30 June 2019 (Phase 2)	supplied with electricity connections in Boikhutsong - Ward 31 by 30 June 2019 (Phase 2)	R 3 317 000.00  Vote Number: R2 813 973.68	N/A	184 installations but not energized, during verification of the project on site. 30 Houses connected to the old transformers for supply of electricity connections.	R2 869 901.28
PMU – Electricity  Multi-Year Project  2018/2019 – 2019/2020	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	supplied with electricity service connection in Ikageng Greenfields (Ward 9) by June 2019	supplied with connected with electricity in Ikageng Ext 13, Zakhele by June 2019	supplied with connected with electricity in Ikageng Ext 13, Zakhele by June 2019	R2 867 500.00  Vote Number: 070670000005	R10 385 000.00	progress is at 456 household installations, but not supplied with electricity due to slow construction progress.	R7 987 048.29
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	100% of 115 houses supplied with electricity service connection in Matlwang (PhalaKgomo) (Ward 27) by June 2019	Number of houses supplied with electricity connections in Matlwang (PhalaKgomo) - Ward 27 by 30 June 2019	115 houses supplied with electricity connections in Matlwang (PhalaKgomo) - Ward 27 by 30 June 2019	R1 897 500.00  Vote Number: 070670000006	N/A	75 HH installations, but not energized due Slow Construction Progress, and awaiting Eskom for the connection point	R1 397 644.44

Functional Area	Strategic Objective	Previous Financial Year		Annual Performance Target	Financial Year Under Review 2018/2019					
		2016/2017	2017/2018		Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Performance	Actual Budget Expenditure
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	0 Electricity connections	N/A	Number of Houses supplied with electricity connections in Ext 9 (Ward 4 & 18) by June 2019	694 Houses supplied with electricity connections in Ext 9 (Ward 4 & 18) by June 2019	N/A	R9 601 364.00  Vote Number: 070680000009 & 070680000010	114HH installations but not energized	R7 408 302.16
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	303 Households electrification installed in Lindeqesdrift (Ward 2) by June 2019	Number of Houses supplied with electricity connections in Rysmierbult by June 2019	303 Houses supplied with electricity connections in Rysmierbult by June 2019	R 5 000 000.00  Vote Number: 070670000008	N/A	255 HH connected but not energized, due slow progress on site	R4 372 389.21

### 3.4 WASTE MANAGEMENT

#### INTRODUCTION TO WASTE MANAGEMENT

The cleansing section's function is to provide an acceptable, affordable and sustainable cleansing services to all the residents of JB Marks Local Municipality.

Description	2016/2017	2017/2018	2018/2019
	Outcome No.	Outcome No.	Outcome No.
Waste Removal: (Minimum level)	46000 collection points	75020	75050
Removed at least once a week	46000	75020	75050
Minimum service level and above – subtotal	46000	75020	75050
Minimum service level and above – percentage	100%	100%	100%
Waste Removal: (below minimum level)	N/A	N/A	N/A
Removed less frequently than once a week	N/A	N/A	N/A
Using communal refuse dump	N/A	N/A	N/A
Using own refuse dump	Yes	Yes	Yes
Other rubbish disposal	N/A	N/A	N/A
No rubbish disposal	N/A	N/A	N/A
Below minimum service level – subtotal	N/A	N/A	N/A
Below minimum service level – percentage	N/A	N/A	N/A
<b>Total households</b>	<b>46000</b>	<b>75020</b>	<b>75050</b>

HOUSEHOLDS – WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM					
Description	2016/2017	2017/2018	2018/2019		
	Actual No	Actual No	Original Budget No.	Adjusted Budget No.	Actual No
Formal Settlements	6000	0			0
Total households	6000				0
Households below minimum service level	N/A	N/A			N/A
Proportion of households below minimum service level	N/A	N/A			N/A
Informal Settlements	400	0			0
Total households	400	0			0
Households below minimum service level	N/A	N/A			N/A
Proportion of households below minimum service level	N/A	N/A			N/A

## EMPLOYEE INFORMATION

EMPLOYEES: SOLID WASTE MANAGEMENT SERVICES (REFUSE REMOVAL & STREET CLEANING)					
Job Level	2017/2018	2018/2019			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	2	2	2	2	0%
7-9	2	3	2	1	33%
10-12	14	23	10	13	57%
13-15	0	0	0	0	0%
16-18	122	127	120	7	6%
19-20	0	0	0	0	0%
<b>Total</b>	<b>140</b>	<b>155</b>	<b>134</b>	<b>21</b>	<b>14%</b>

FINANCIAL PERFORMANCE 2018/2019: WASTE MANAGEMENT SERVICES (REFUSE REMOVAL AND LITTER COLLECTION)						
Detail	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	52 474	60 499 685	61 753 192	65 600 000	49 761 465	-24%
Expenditure:						
Employees	4 506	32 474 401	29 351 618	29 351 618	33 327 494	12%
Repairs and maintenance	281	7 542 798	8 250 298	3 747 580	3 332 403	-148%
Other	219	9 884 692	15 322 747	9 662 887	13 284 070	-15%
Total operational expenditure	5 005	49 901 891	52 924 663	42 762 085	49 943 967	-6%
Net operational expenditure	(47 469)	10 597 794	-8 828 529	-22 837 915	182 502	4937%

## NATIONAL KEY PERFORMANCE INDICATOR

**OBJECTIVES TAKEN FROM THE IDP (Complete Annual Performance Report available in chapter 3) Organisational Development Performance Part II**

Functional Area	Strategic Objective	Previous Financial Year		Annual Performance Target	Financial Year Under Review 2018/2019					
		2016/2017	2017/2018		Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Performance	Actual Budget Expenditure
Environmental Management	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	0 Refuse Compactors procured in JB Marks LM by June 2017	0 Refuse Compactors procured in JB Marks LM by June 2018	N/A	Number of Refuse Compactors procured in JB Marks LM by June 2019	6 Refuse Compactors procured in JB Marks LM by June 2019	N/A	R 9 000 000.00  Vote Number: 070480000001	6 Refuse Compactors procured in JB Marks LM by June 2019	R10 353 840.54



### 3.5 HUMAN SETTLEMENT

#### INTRODUCTION OF HUMAN SETTLEMENT

To accelerate housing delivery through efficient and effective human settlements management and quality service delivery, as well as through integrated and collective sustainable settlements programmes. Our priority remains that of eradicating the remaining informal settlements and introduce a rental strategy as an alternative to address housing backlogs. Our ultimate goal is to house communities by restoring their dignity.

#### GOALS

- ✚ To ensure that beneficiaries acquire security tenure
- ✚ To improve living conditions of households in JB Marks Local Municipality
- ✚ Access adequate housing

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of households in formal settlements
2016/2017	50 886	13 302	74%
2017/2018	60 886	15 302	25%
2018/2019	70 886	17 302	63.16%

#### EMPLOYEE INFORMATION

EMPLOYEES: HUMAN SETTLEMENT					
Job Level	2017/2018	2018/2019			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	1	1	1	0	0%
4-6	3	4	3	1	25%
7-9	3	3	2	1	33%
10-12	1	3	1	2	67%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	8	11	7	4	36%

FINANCIAL PERFORMANCE 2018/2019: HUMAN SETTLEMENT					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget		Variance to Budget
Total operational revenue	2 038 862	1 072 408	1 072 408	420 123	-155%
Expenditure:					
Employees	4 505 994	4 647 290	4 647 290	8 693 899	47%
Repairs and maintenance	280 544	2 511 196	1 549 326	151 743	-1555%
Other	218 942	5 390 756	5 359 409	19 639 775	73%
Total operational expenditure	0	12 549 242	11 556 025	28 485 417	56%
Net operational expenditure	-2 038 862	11 476 834	10 483 617	28 065 294	59%
*Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

District Municipality	Local Municipality	Project Name /Description	Project Location	Total Project Cost	Progress and Comments
DR Kenneth Kaunda	JB MARKS MUNICIPALITY	Promosa township establishment Ext 5	Potchefstroom Ward 17	1590842.64	EIA obtained ,town planning advert expected January 2020
		Dassierand township Establishment Ext 1	Potchefstroom Ward 11	568940.12	Technical studies finalised , town plan advert expected January 2020
		Klipdrift township establishment	Potchefstroom Ward 3	750 000	Awaiting for EIA approval
		Subdivision erf9556	Potchefstroom Ex3 Ikageng	Quo 25/2019	Subdivided and packed
		Erf 11382	Ext 11		
		Erf 18398	Ext 7		
		Eft 2146	Ext 2 Promosa		
		Erf 2147	Ext 2 Promosa		

*"All of housing projects is implemented by the Provincial Department of Human Settlements".*

### 3.6 FREE BASIC SERVICE AND INDIGENT SUPPORT

#### INTRODUCTION TO FREE BASIC SERVICE AND INDIGENT SUPPORT

The Council is responsible for the rendering of service in terms of schedules 4 and 5 of the Constitution as well as such other service as may be delegated by National and Provincial Government.

The economic cost to render the services will be calculated in accordance with the Council's tariff policy

FREE BASIC SERVICE TO LOW INCOME HOUSEHOLDS									
NUMBER OF HOUSEHOLDS EARNING LESS THAN R2560 PER MONTH									
Year	Earning less than	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
	R	Access	%	Access	%	Access	%	Access	%
2016/2017	2560	11 056	97%	6 707	59%	10 470	92%	10 450	92%
2017/2018	2560	12339	93%	8562	65%	11650	88%	11974	90%
2018/2019	2560	154966		102645		151217		142908	

## NATIONAL KEY PERFORMANCE INDICATOR

### COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The above-mentioned Free Basic Services to Low income Households does not include the Alternative Energy. The total amount spent on the alternative energy R393 300.00, as per MM resolution Tender 28/2017 (MM15/2018-02-08).

FINANCIAL PERFORMANCE 2018/2019: COST TO MUNICIPALITY OF FREE BASIC SERVICE DELIVERY					
R'000					
Service Delivered	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Water	7 438 692. 43			9 016 867. 18	
Waste Water(Sanitation)	11 932 936. 26			15 424 014. 36	
Electricity	5 575 279. 32	31 270 000. 00		10 490 839. 40	34%
Waste Management(Solid Waste)	18 518 592. 33			22 478 436. 60	

### LEVEL OF INDIGENT SUPPORT

The level of indigent support will be as follows:

- ✚ Water
- ✚ Refuse removal
- ✚ Sewerage
- ✚ Electricity
- ✚ Alternative Energy
- ✚ Rates
- ✚ Alternative Energy

### COMPONENT B: ROAD TRANSPORT

This component includes Road and Storm-Water Drainage, and Licensing Services

#### 3.7 ROAD AND STORM-WATER DRAINAGE

- ✚ The objectives of roads and storm-water are:
- ✚ To provide safe and quality infrastructure for the people of JB Marks Local Municipality
- ✚ To provide a healthy and safe environment to our community

The development of our people and alleviation of poverty by creation of jobs through EPWP (Extended

Public Works Programme) is a core priority. Through the implementation of storm-water projects, JB Marks Local Municipality plays a role in the development of its people and in poverty alleviation.

-

EMPLOYEES: ROAD AND STORM-WATER DRAINAGE AND BUILDING MAINTENANCE					
Job Level	2017/2018	2017/2018			
	Employees No.	Posts No.	Employees No.	Vacancies / Over No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	4	6	3	3	50%
7-9	0	1	0	1	100%
10-12	10	10	9	1	10%
13-15	4	6	5	1	17%
16-18	49	57	50	7	12%
19-20	0	0	0	0	0%
<b>Total</b>	<b>67</b>	<b>80</b>	<b>67</b>	<b>13</b>	<b>16%</b>

GRAVEL ROAD INFRASTRUCTURE				
				Kilometer's
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
<b>2016/2017</b>	136.01	0	0	42.80km
<b>2017/2018</b>	0	0	1.195 KM	0
<b>2018/2019</b>	0	5km	2km	= 4.5+ km

TARRED ROAD INFRASTRUCTURE				
				Kilometer's
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Tar roads maintained
<b>2016/2017</b>	430.70	0	7.2km	35762m <sup>2</sup>
<b>2017/2018</b>	1.3km	0	0	0
<b>2018/2019</b>	0	0		

COST OF CONSTRUCTION/MAINTENANCE						
Year	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
<b>2016/2017</b>			42.80Km		7.2Km	35762m <sup>2</sup>
<b>2017/2018</b>	0	0	0	R6 369 529.24		
<b>2018/2019</b>						

FINANCIAL PERFORMANCE 2018/2019: ROAD AND STORM-WATER DRAINAGE SERVICES					
R'000					
Details	2017/2018	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	11 993 653				
Expenditure:					
Employees	33 254 628	13 486 128	13 486 128	20 185 278	33%
Repairs and maintenance	9 724 280	23 765 388	19 071 548	3 220 186	-638%
Other	2 014 327	77 077 453	76 607 911	94 840 769	19%
<i>Total operational expenditure</i>	44 993 235	114 328 969	109 165 587	118 246 232	3%
<i>Net operational expenditure</i>	32 999 582	114 328 969	109 165 587	118 246 232	3%

## CAPITAL EXPENDITURE

CAPITAL EXPENDITURE 2018/2019 ROAD AND STORM-WATER DRAINAGE					
R'000					
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrade bulk water reticulated in Boikhutso Ward 32	10 000 000.00		8 079 744.29	-24%	8 079 744.29
Waste water Treatment works upgraded in VSD (all Wards)	20 000 000.00		20 000 000.00	0%	20 000 000.00
Houses supplied with electricity connection in Ikageng	2 867 500.00	10 385 000.00	7 870 736.10	64%	7 870 736.10

EMPLOYEES: ADMINISTRATION OF TECHNICAL SERVICES					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	1	2	0	2	100%
4-6	3	4	2	2	50%
7-9	3	4	3	1	25%
10-12	3	4	3	1	25%
13-15	2	2	2	0	0%
16-18	2	2	2	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	<b>14</b>	<b>18</b>	<b>12</b>	<b>6</b>	<b>33%</b>

# OBJECTIVES TAKEN FROM THE IDP (Complete Annual Performance Report available in chapter 3) Organisational Development Performance Part II

Functional Area	Strategic Objective	Previous Financial Year		Annual Performance Target	Financial Year Under Review 2018/2019					
		2016/2017	2017/2018		Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Performance	Actual Budget Expenditure
IDP- MIG funding-Capital Project  PMU-Road and Storm Water  Multi-Year Project from 2017/2018 to 2018/2019	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	Phase 2 Internal Road Completed	Internal Road (Phase 3) Constructed in Appeldraai (Ward 32) by June 2019	internal road constructed in Appeldraai – Ward 32 by 30 June 2019 (Phase 3)	internal road constructed in Appeldraai – Ward 32 by 30 June 2019 (Phase 3)	R 5 000 000.00  Vote Number: 070340000002	R5 887 858.00	50% Construction Progress, SCM Processes delayed to appoint Contractor	R5 132 815.95
IDP-MIG Funding-Capital Project  PMU-Road and Storm Water  Multi-Year Project from 2018/2019 – 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	Design completed	Road & Storm (Phase1) Water Constructed in Ext 7 (Ward 20) by June 2019	road & storm water constructed in Extension 7 - Ward 20 by 30 June 2019 (Phase 1)	road & storm water constructed in Extension 7 - Ward 20 by 30 June 2019 (Phase 1)	R6 500 000.00  Vote Number: 0703400000015	N/A	62% Construction Progress, due to late appointment of service provider, weather conditions, and Community Strike contributed to the project completion delay	R5 538 454.85

### 3.8 LICENSING SERVICE

#### INTRODUCTION TO LICENSING SERVICES

The purpose of licensing is:-

- ✚ Registration and Licensing of motor vehicles
- ✚ Conversion of Drivers licenses
- ✚ Issuing of special and temporary permits
- ✚ Issuing of personal and private license numbers
- ✚ Deregistration of motor vehicles
- ✚ Filing of all registration and licensing documentation per registration numbers
- ✚ Filing of all Drivers licenses and Professional permits

#### STEPS TAKEN TOWARDS THE IMPLEMENTATION OF THE STRATEGY, THE MAJOR SUCCESS ACHIEVED AND CHALLENGES FACED

- ✚ To perform effective services for registration and licensing/renewal of vehicle licenses
- ✚ To ensure the effective and legal issue of permits
- ✚ To perform changes of address of members of the public and engine numbers of vehicles
- ✚ To ensure proper service delivery by assisting members of public in all vehicles

#### SERVICE STATISTICS FOR LICENSING SERVICES

DESCRIPTION	2016/2017	2017/2018	2018/2019
Registration of vehicles	73899	15648	12904
Licensing / renewal of vehicle licenses	22000	76287	89944
Issue of permits	550	690	7
Application and renewal of motor trade plates	1220	1341	64
Application and issue of certificate of roadworthiness certificates of motor vehicles	588	1237	1581
Application of learner's licenses	16200	3473	3443
issue of learner's licenses		2498	2152
Application of professional driving permits	8211	1962	2057
Renewal of drivers' licenses	9001	5863	5678
Issuing of temporary drivers licenses	799	5376	5499
Road Traffic Management Corporation	1002	N/A	

#### EMPLOYEE INFORMATION

EMPLOYEE: REGISTRATION AND LICENSING SERVICES					
Job Level	2017/2018	2018/2019			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3		1	1	0	0%
4-6		8	4	4	50%
7-9		15	13	2	13%
10-12		23	18	5	22%
13-15		2	2	0	0%



016-18		3	3	0	0%
19-20		0	0	0	0%
<b>Other</b>					
<b>Total</b>		<b>52</b>	<b>41</b>	<b>11</b>	<b>21%</b>

<b>FINANCIAL PERFORMANCE 2018/2019: LICENSING</b>					
<b>Details</b>	<b>2017/2018</b>	<b>2017/2018</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
Total operational revenue	R 8 610				
Expenditure	R 4 651				
Employees	R 4 028				
Repairs and maintenance	R 51				
Other	R 572				
Total operational expenditure	R 4 651				
Net operational Expenditure					

### COMMENT ON THE PERFORMANCE OF LICENSING SERVICES OVERALL

The JB Marks has two branches for licensing services in Potchefstroom and in Ventersdorp, fully functional.

### COMPONENT C: PLANNING AND DEVELOPMENT

This component includes planning, local economic development.

#### 3.9 PLANNING

The spatial planning and land use management intends to promote integrated planning and development by periodic review of spatial development framework, Town planning scheme and other ancillary land use policies. It further seeks to optimize the utilization of the geographic information system as a decision making and management tool. The strategy strives to facilitate growth and development by speedily processing land use rights application.

<b>PHYSICAL PLANNING</b>	<b>CHALLENGES</b>
<b>Opportunities</b>	<b>Challenges</b>
Wall-to-wall land use	Dolomitic Environment
Bulk service master plans	Lack of sufficient municipal land

### SERVICE STATISTICS FOR PLANNING

#### DEVELOPMENT PLANNING AND BUILDING CONTROL

<b>DETAILS</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
Detail of building plans			
Number of building plans approved (excluding low cost housing)	933	844	782
Value of building plans approved	847689637	880910406	901236055
Number of applications received for:-			
Township establishment	7	13	8
Rezoning	46	43	28
Special consent and other	67	79	38

### COMMENT ON PLANNING AND DEVELOPMENT OVERALL PERFORMANCE

There are serious strategic challenges which impact negatively on the endeavor to achieve long term goals. At this juncture there is no internal capacity to drive and implement Dolomite Risk Management Strategy and Plan thereof.

APPLICATION FOR LAND USE DEVELOPMENT			
Detail	Formalization of Townships	Rezoning	Built Environment
	2018/2019	2018/2019	2018/2019
Planning application received	8	28	
Determination made in year of receipt	3	15	
Determination made in following year			
Applications withdrawn		1	
Applications outstanding at year end	5	12	

## EMPLOYEE INFORMATION

EMPLOYEES: TOWN & REGIONAL PLANNING, QUALITY ASSURANCE & BUILDING CONTROL AND PMU					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No	Vacancies (as a % of total posts)
0-3	4	4	4	0	0%
4-6	2	2	2	0	0%
7-9	6	8	6	2	25%
10-12	2	2	2	0	0%
13-15	0	0	0	0	0%
16-18	1	0	0	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	14	16	14	2	13%

FINANCIAL PERFORMANCE 2018/2019: TOWN-PLANNING, BUILDING SURVEY, BUILDING CONSTRUCTION AND PMU					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	2 069 210	3 148 604	3 004 924	4 038 631	22%
Expenditure					
Employees	17 749 155	15 033 170	15 033 170	10 822 425	-39%
Repairs and maintenance	281 737	703 071	572 326	36 787	-1811%
Other	12 921 707	17 525 662	15 007 404	1 785 185	-882%
Total operational expenditure	30 322 599	33 261 903	30 612 900	12 644 397	-163%
Net operational Expenditure	28 253 389	30 113 299	27 607 976	8 605 766	-250%

## 3.10 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM)

### INTRODUCTION TO ECONOMIC DEVELOPMENT

The mission of the LED section is to create an enabling environment for local economic growth.

- Sections:**
- \* Business Enterprise Development
  - \* Tourism Development and marketing
  - \* Socio Economic Development

Growing and expanding existing business area: focus on channelling resources to existing business area in order to expand operations and increase higher wages jobs from within the existing economic base. Focus on projects to create a formal business retention and expansion, or projects to create or enhance the town urban regeneration program.

- **Stimulating Entrepreneurship:** focus resources on fostering new business start-ups that may include projects that create and / or expand business development program, projects that support the creation and / or expansion of small business incubators or projects that support the creation of investment networks.
- **Retention of existing businesses:** Strengthening Existing Small Businesses to Create Thriving Local Economies. Business Retention & Expansion (BR&E) is an economic development strategy of proactively connecting with existing businesses to understand and respond to local business needs.
- **Attracting New business:** focus on channelling resources in order to induce business to relocate to JB Marks Local Municipality. Focus on projects that identify local strengths and opportunities for business attraction or projects that develop market-specific-recruitment program.

Local Economic Development (LED) plays a crucial role in creating a conducive environment for businesses in order to facilitate job creation and improved quality of life for the inhabitants. The focus is aimed at stimulating Entrepreneurship attracting businesses and retaining the businesses that exists in the municipal area. One of the main function is to ensure the development of SMME's in order to create much need job opportunities to better the lives of the ordinary people. We are also expected to form partnerships with private businesses and other government institutions that will improve the business environment in the municipal areas. The LED is divided into three units that is Enterprise Development, Socio Economic Development and Tourism & Marketing Development Unit. As one of our main functions is that we should ensure that we offer capacity building, trainings and awareness programmes to the business and in particular the SMME's.

### 3.10.1 ENTERPRISE DEVELOPMENT

#### CAPACITY BUILDING

#### WOMEN IN BUSINESS

The aim of this workshop was to addresses women entrepreneur's in business management, competitive edge, barriers to enter and empowerment towards achieving success. The Local Economic Development has identified that there is need of this kind of workshop in order to address the above economic issues that will empower women in our City.



#### YOUTH DEVELOPMENT

During Youth Month the Local Economic Development (LED) section in conjunction with National Development Agency (NYDA) hosted business Information Seminar were opportunities were presented to the youth and the available assistances rendered by the Agency. According to the Statistics SA "The unemployment rate at the end of the second quarter of 2018 was 27.2%,"

meaning the **rate** has increased by 0.3%. According to the Quarterly Labour Force Survey for the third quarter, there are 16.4 million employed people and 6.2 million **unemployed** people between the ages of 15 and 64 years in **South Africa**.” It means serious intervention by government and agencies need in order to address this epidemic. Through this seminar the NYDA is currently in a process of funding three businesses that meets the criteria.



## SANRAL

**The Municipality** is part of the project steering committee. The intention is to ensure that local businesses benefits from SANRAL procurement in a structured way.

This PSC hold its meetings once in two months.

Currently SANRAL awarded two contracts to two local companies. We have established two PCS – one in Ventersdorp and one in Potchefstroom.

An advertisement was put in the newspaper in which Eighty (80) companies were registered in the SANRAL Data base that are illegible to provide services.

SANRAL will be rolling out new projects and only companies in their data base will be considered to apply for such opportunities.

The two companies that has been contracted are as follows:

- *Dimo Trading:* Section 16 / On the N12 (Ikageng Ext 11 entrance)
- *Seganka Construction:* Section 17/ Borders of Potchefstroom towards Gauteng





## (TETA) BUSINESS CONSULTANS PROGRAMME

The training seeks to establish Business Consultants to ensure that there is enough support for SMMEs. In the JB Marks Local Municipality the programme was funded by Transport Education and Training Authority (TETA) through services provider STEP BY STEP. The entities are now sustainable and ready to provide government programmes such as drawing business plan for Small Enterprise Development Agency (SEDA), providing training programmes for different SETAs. Develop turn around strategies for struggling businesses and poverty relief projects.



## SEDA WORKSHOPS AND TRAININGS

The Enterprise unit of Local Economic Development has through SEDA hosted 5 (Five) workshops:

Date:	Session:	Venue:
24 July 2018	Information Session	Ikageng Library
31 July 2018	Business Skills Workshop	City Hall
08 August 2018	Women and Youth in Business	City Hall
07 February 2019	Information Session	Ikageng Library

- ❖ Business information session for exiting and Start-ups.
- ❖ The session is focused on empowering small business owners and Start-ups with necessary skills to enable them to take their business to greater heights.

### Entrepreneurs/ SMMEs learned to:

- ❖ Market their business effectively;
- ❖ Understand the importance of building a reputable business profile as a marketing tool; and
- ❖ Maintain financial records and develop their business plan.
- ❖ The session also covered financial management, customer care, report writing and business writing skills, whilst helping entrepreneurs to identify area of improvement for their businesses.



## LED INFRASTRUCTURE PROJECTS

### IKAGENG LIGHT INDUSTRIAL PARK

The Department of Local Economic Development has through the Municipality Integrated Grant (MIG) applied for funding to construct the Ikageng Light Industrial Park in Ikageng. The service provider has been appointed and construction on site has begun. The intention is to provide working space for backyard small manufactures (Not heavy manufacturing) to produce. This is one way the Local Economic Development can assist SMME's and facilitate creation of jobs.

#### Concept Picture:



### EXTENSION 7 TAXI RANK

*The Taxi Rank project was handed in in December 2018 and it must form part of this report as a completed project in the 2019/2020 Financial Year.*

The project is 98% complete. This is an MIG LED project.  
There are just few repairs that needs to be done.

The Extension 7 Taxi rank was officially opened by the Honourable Councillor Kgotso Khumalo on the 14<sup>th</sup> of December 2018.

The Department of Economic Development has through the IDP process received a request from the IDP to develop a Taxi Rank in Ikageng Extension 7 Ward 20.

**NOTICE**

**OPENING OF EXT 7 TAXI RANK  
IN IKAGENG**

The Ext 7 Taxi Rank will be officially opened by the  
Executive Mayor Kgotso Khumalo of JB Marks  
Local Municipality

The opening will be as follows:

**Date : 14 December 2018**  
**Time : 10:00**  
**Venue : Ext 7 Taxi Rank**

  
Councillor  
**Kgotso Khumalo**  
Executive Mayor

  
**jbmarks**  
LOCAL MUNICIPALITY  
Marks of excellence

## EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The Department of Environmental Affairs has through the Department of Local Economic Development introduced the mass training programme in the North West and the JB Marks Local Municipality applied for the programme. The previous year programme was mainly for youth between the ages of 18-35. The programme incubated 259 learners in the and it ranged from 3 months to 36 month artisanship.

The JB Marks Local Municipality and in particular the Department of Local Economic Development assisted with the recruitments of participants through the ward councillors, and unemployment database.

The following of 12 skills programmes that were offered through DEA of where 3 of them will be coming to an end in 2020 and 2021 respectively because they are apprenticeships and learnership.

One Full Learnership and 22 Apprenticeship programme namely construction Plumbing and construction masonry which is learners each. The learners in these programme will get paraseal certificate of apprenticeship qualification as this is a three (3) year programme.

### PROGRAMMES ENDING IN 2020

SKILLS PROGRAMME	SERVICE PROVIDER	NO. OF LEARNERS
Construction Plumbing	Clean Heat Academy ( Pty) Ltd	15
Construction Masonry	Clean Heat Academy ( Pty) Ltd	15

### PROGRAMMES ENDING IN 2021

SKILLS PROGRAMME	SERVICE PROVIDER	NO. OF LEARNERS
Construction Tiling	Zama Training and Development	12

Below are the pictures of the Construction Plumbing learners fixing the toilets on Nelson Mandela day at Bokamoso Intermediate School at Rysmierbult.



There are job opportunities that are created through Expanded Public Works Programme for poverty alleviation. JB Marks Local Municipality contracted about 423 EPWP participants for 2018/19 Financial Year. The participants are placed at different departments or sections within the municipality.

JOB CREATION THROUGH EPWP PROJECTS		
Details	EPWP Projects No.	Jobs created through EPWP Projects No.
2016/2017	29	650
2017/2018	15	271
2018/2019	12	423



## AGRICULTURAL MECHANIZATION PROGRAMME

**This programme** is aimed at increasing agricultural production on arable land that is in the hands of previously disadvantaged farmers. This is achieved through utilization of tractors and implements for land cultivation. The intension is to assist these Farming Enterprises to run and to develop as businesses and ultimately to be medium sized and finally commercial farmers. Our intention is mainly to move towards agro-processes. As we know, once farmers are operational they can be able to create jobs and to reduce poverty and inequality. However this does not exclude land bought privately by previously disadvantaged and community projects. The programme does not intend to assist CPA's but private entities in those communities.

### RAKE AND BALE



### SPRAYING PRE EMEGERNT



Project	Responsible Person	Activity
Tina Farm	Tseladimitloa T.E	Cutting Smuts finger, Raking and baling
Eloudsfontein Farm	Itumeleng Taje	Maize Harvesting
Plot 42 IQ 460	Mr. Lawrence Watch	Spraying Pre emergent chemical for maize growth
Basupi School	Norman Mandlane	Grass Cutting of the field, to clear the space for vegetable garden



Barolong Vegetable Garden	Solomon Lekome	Ploughing and Dessing, soil cultivation
<b>Project</b>	<b>Responsible Person</b>	<b>Activity</b>
Matlwang Co op	Mr. Mabifi Motloun	Planting maize
Haarskraal 54	Sestian Smith	Ploughing and Dessing
Kommando Vegetables	Nesane Gilbert	Ploughing and Dessing
SLS Farming	Tebogo A Modise	Cutting Lucerne

### 3.10.2 TOURISM DEVELOPMENT AND MARKETING

Tourism is a very important sector for the South African economy.

Against the backdrop of the slow growth of the South African economy this year, increased unemployment figures and downgrade threats, the tourism sector is the solution to bringing about economic growth and employment creation.

Together as government and private sector, it is important for us to provide access to information that excites people about our city and dispels concerns.

Every citizen has a role to play in contributing to the growth our economy. We all need to explore our city and discover the amazing hidden gems along the way.

The theme for this year's Tourism Month 2019, as articulated by the world travel body, the UNWTO, is "Tourism and Jobs: a better future for all".

For the last 24 years the tourism sector is one of the largest employers in the Country. Between 2001 and 2018 our International arrivals rise constantly from 1 million to an estimated 9 million. The tourism sector is now the second biggest in terms of job creation, ranking only below agriculture in the country's economy.

The latest report by Tourism Satellite Account (TSA) released by Statistics SA states that in terms of creating employment, the tourism industry has overtaken the mining sector.

This industry also contributed about two-point-9% or R125.1 billion of the GDP. That's hooping R125.1 billion. Tourism growth is sitting at 2,9% and grow larger than agriculture which is sitting at 2%.

As a Sector we are proud to do our bit in realizing our country's anticipated 6 percent annual economic growth in the next few years. Inbound Tourists has increased consistently and it will keep rising as our anticipated quest of intra Africa trade becomes a reality.

Travel and tourism supported 1.5 million jobs in SA in 2017, or 9.5% of total employment. The World Travel & Tourism Council (WTTC) is estimating that by 2028, almost 2.1 million jobs in SA will depend on travel and tourism, the industry that contributes 9% of the total gross domestic product (GDP) of SA.

Growth in tourism means that the prospects for growing and transforming our economy are significantly enhanced, not only for the tourism sector but for the entire value chain that is supported by tourism. This presents a greater opportunity for integration with other sectors such as agriculture, manufacturing and transport.

## TOURIST GUIDE TRAINING: BOSKOP NATURE RESERVE: 24 JULY 2018

**The Department Local Economic Development** of the JB Marks Municipality is actively involved in Tourism Development and marketing through facilitation, capacity building and awareness programmes, service excellence programmes, with active Local Tourism Associations (Potchefstroom, Ventersdorp and Vredefort Dome Tourism Associations) and participation in the Sport and Tourism Sub-Committee of the local business chambers.



## AGRI-EXPO: 26-28 JULY 2018

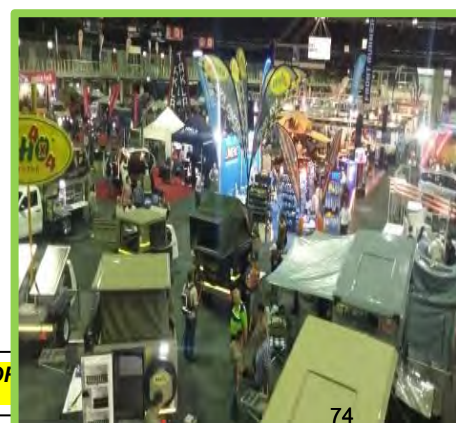
**Agriworks Expo Potchefstroom** offers a cost-effective opportunity to showcase your products and to network with farmers and buyers of this region. It will cover areas like from Agriculture & Forestry industry. Machinery, Packaging, Tractors, Vehicles, Vineyard Supplies, Winemaking and many other.

**Marketing** of tourist attractions of the city is done on a continuous basis at tourism exhibitions and events. The Tourism and Marketing section has an excellent relationship and cooperation with the District, Provincial and Governmental Spheres of Government, including implementing tourism training programmes.



## GETAWAY SHOW

14 – 16  
SEPTEMBER  
2018





## MEETINGS AFRICA EXHIBITION: 26 – 28 FEBRUARY 2019



## 2019 TRAVEL INDABA 2 – 4 MAY 2019



**Product development**, e.g. the Vredefort Dome World Heritage Site, Boskop Dam Nature Reserve, Highveld Nature Reserve, N12 Treasure Route Development is key for the department.

The North West Hospitality Youth Training is an initiative of the National Department of Tourism (NDT) run under the Expanded Public Works Programme (EPWP). The programme is fully funded by the NDT.

### Objectives:

- Create employment opportunities for the unemployed.
- Whilst creating employment, the programme seeks to equip beneficiaries with sustainable employment through skills development within the hospitality and tourism industry.



- Increase competency through increasing the pool of qualified personnel within the industry.
- Involve various stakeholders in helping reduce unemployment within municipalities.

The programme is targeted to be running for twelve months. The training is done in two parts: theoretical learning as well as practical or experiential learning. Theoretical learning is carried out in a classroom environment, whereas experiential learning is carried out in workplaces.

The learners are introduced to the fundamentals, core and required unit standards covered in Food and Beverage / Accommodation Services learning programmes.

The programme consisted of two accredited skills programmes namely:

- National Certificate in Accommodation Services (NQF 2)
- National Certificate in Food and Beverage Services (NQF 4)

### **Certification**

On completion of the programme, successful beneficiaries receive accredited certificates of competency endorsed by CATHSSETA and are recognized by the Hospitality and Tourism Industry in South Africa, from small restaurants to large scale hotels. This is done per each skills programme successfully completed.

Provincial Graduation Ceremonies are held annually and many of the learners are absorbed by their host employers. The last ceremony was held on 8 March 2019 in JB Marks Municipality and 203 learners from the North West Province graduated.

The 2019/2020 learnership will concentrate on Fast Food Services (NQF Level3).



**Youth Hospitality Training  
Graduation Ceremony  
8 MARCH 2019  
Madiba Banqueting Halls**



## EMPLOYEE INFORMATION

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	5	6	4	2	33%
7-9	4	7	5	2	29%
10-12	1	1	0	1	100%
13-15	0	1	0	1	100%
16-18	7	7	7	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	<b>17</b>	<b>22</b>	<b>16</b>	<b>6</b>	<b>27%</b>

FINANCIAL PERFORMANCE 2018/2019: LOCAL ECONOMIC DEVELOPMENT					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	250 945	2 223 247	2 203 160	3 681 871	40%
Expenditure:					
Employees	9 666 830	7 577 335	7 577 335	3 231 117	-135%
Repairs and maintenance	81 717	318 000	228 200	88 037	-261%
Other	10 961 957	5 717 527	7 265 387	5 896 746	3%
<i>Total operational expenditure</i>	20 710 504	13 612 862	15 070 922	9 215 900	-48%
<i>Net operational expenditure</i>	20 459 559	11 038 9615	12 867 762	5 534 029	-106%

**OBJECTIVES TAKEN FROM THE IDP (Complete Annual Performance Report available in chapter 3) Organisational Development Performance Part II**

Functional Area	Strategic Objective	Previous Financial Year		Annual Performance Target	Financial Year Under Review 2018/2019					
		2016/2017	2017/2018		Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Performance	Actual Budget Expenditure
IDP-MIG Funding-Capital Project  PMU-LED	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	0 Taxi rank, Service providers not yet appointed	40% Construction Progress of the Overall Scope	100% Taxi Rank & Hawkers Stalls constructed in Ikageng Ext 7 Taxi Rank by June 2019	Number of taxi rank(s) and hawkers' stalls constructed in Ikageng Ext 7 taxi rank by 30 Mar 2019	1 taxi rank(s) and 10 hawkers' stalls constructed in Ikageng Ext 7 taxi rank by 30 Mar 2019	R3 592 690.00  Vote Number: 070465000007	R 7 015 493.00	1 taxi rank(s) and 10 hawkers' stalls constructed in Ikageng Ext 7 taxi rank by 30 Mar 2019	R6 079 714.00

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.11 LIBRARIES

#### INTRODUCTION TO LIBRARIES

The top service delivery priorities of 10 libraries are marketing, promotion and advertising. The three components are exposed in libraries through reading awareness programmes circulation of books within the library, and encouraging membership within the whole community.

The impact we had on the mentioned measures were that, we were able to see the library growing in great numbers, through membership, outreach programmes and circulating information.

The measures which were taken during the year to improve the performance were through programmes which promoted reading and writing, the use of library and internet were held throughout the year and this brought a huge change within the JB Marks Local Municipality libraries and schools around this community.

#### SERVICE STATISTICS FOR THE JB MARKS LIBRARIES

INDICATOR	2016/2017	2017/2018	2018/2019
<b>EDUCATIONAL PROGRAMMES</b>			
Library Awareness Programme	56	79	86
Library Holiday Programme	22	32	48
Adult Membership	36295	46293	52445
Children Membership	13645	16595	21958
Visitors			
<b>ADULT CIRCULATION</b>			
English Fiction	22110	24 026	24861
Afrikaans Fiction	40640	42 910	46945
English Non-Fiction	15102	14 867	18099
Setswana	312	404	498
<b>JUNIOR CIRCULATION</b>			
English Fiction	5320	6652	17517
Afrikaans Fiction	5712	6849	21011
English Non-Fiction	2002	2285	18301
Setswana	220	267	297

\*The JB Marks Libraries are also utilised by 25 institutions, 701 Students and 6 visitors.

#### EMPLOYEE INFORMATION

<b>EMPLOYEES: LIBRARIES</b>					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	1	1	1	0	0%
4-6	1	1	1	0	0%
7-9	15	22	14	8	36%
10-12	5	6	5	1	17%
13-15	11	17	11	6	35%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	<b>33</b>	<b>47</b>	<b>32</b>	<b>15</b>	<b>32%</b>

FINANCIAL PERFORMANCE 2018/2019: LIBRARIES						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	1 513 095	45 495	2,732,150	1,436,704	3,001,167	9%
Expenditure				-		
Employees	13 441 669	11 517 255	23,164,841	23,134,841	23,201,986	0%
Repairs and maintenance	1 496 775	2 337 552	5,685,763	5,141,903	1,006,368	-465%
Other	8 233 388	1 320 689	27,891,324	27,806,783	19,120,812	-46%
Total operational expenditure	23 171 832	15 175 496	56,741,928	56,083,527	43,329,166	-31%
Net operational Expenditure	21 658 737	15 130 001	-	54,646,823	40,327,999	100%

### **COMMENTS ON THE PERFORMANCE OF LIBRARY SERVICES:**

The library section receives conditional grants from the provincial government to ensure that we deliver library and information services to the communities. Stock taking material was procured to ensure that we have correct record of books and educational material in the libraries.

### **INTRODUCTION TO COMMUNITY FACILITIES**

Department Sports Arts is responsible for the eleven community halls, nine Sports facilities and five swimming pools. The responsibility of the department is to ensure that community has accesses to the facilities and they are maintained according to the national standard set by the National Sports and Recreation facility management policy.

Community Facilities bookings statistics				
Name of Facilities	No of Facilities	2016/2017	2017/2018	2018/2019
<b>POTCHEFSTROOM REGION</b>				
Madiba Banqueting hall	1	121	114	172
City Hall	1	223	135	151
Karee Lapa	1	19	23	20
Mohadin Hall	1	54	56	98
Promosa Hall	1	98	89	111
OR Tambo Hall	1	76	89	118
Goven Mbeki Hall	1	166	164	151
Chris Hani Hall	1	41	49	108
Ga-Matlabe Hall	1	99	81	153
Ephraim Mokate (Matlwang) Hall	1	19	12	18
<b>VENTERSDORP REGION</b>				
Ext 2 Hall	1		28	
Ext 4 Hall	1		43	
Ext 5 Hall	1		0	
Foyer/Chamber/Lapa	2		9	
Toevlug Hall	1		0	
Ga Mogopa Hall	1		0	



Goedgevonden Hall	1		0	
Welgevonden Hall	1		0	
Tsetse Hall	1		0	
Boikhutso Hall	1		0	
Boikhutsong Hall	1		0	

### 3.12 PARKS AND CEMETRIES

#### INTRODUCTION TO PARKS AND CEMETERIES

JB Marks Local Municipality under Tlokwe region has total of seven (7) cemeteries, five (5) are non-active and only used for reserved burials while two (2) are active. The region has additional three (2) informal cemeteries controlled by CPA.

While under Ventersdorp region are three (4) in town area, three (3) are non-active and one (1) is while, the region has additional seven (7) informal cemeteries in villages which are controlled by the Communal Property Associations in different villages, i.e. Ga-Mogopa, Welgevonden, Tsetse, Boikhutso, Appeldraai, Boikhutsong and Goedgevonden. We also have cemeteries in 2 farm settlements of Klipgat and Rysmierbult.

The top 3 service delivery priorities and its impact are to:-

- ✚ Regulate and maintain public cemeteries
- ✚ Conduct burial bookings and graves preparations
- ✚ Comply with National Health Act, 2003 (Act No 61 of 2003 and other related legislations.

#### SERVICE STATISTICS FOR PARKS AND CEMETERIES

The measures taken to improve the performance of the service is through continuous coaching of staff, time for holding regular meeting and feedback sessions and training.

Communities were given support through free burial rights for the destitute and paupers individuals from poverty-stricken families.

INDICATOR	2016/2017	2017/2018	2018/2019
<b>CEMETERIES</b>			
Burials			
Adults	1112	1624	1466
Paupers	6	8	232
Children (baby, or stillborn)	132	119	128
Re-openings	274	41	131
Memorials	15	2	13

#### EMPLOYEE INFORMATION

<b>EMPLOYEES: PARKS , CEMETERIES AND AMENITIES</b>					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	3	3	3	0	0%
7-9	1	1	1	0	0%
10-12	15	27	13	14	52%
13-15	6	9	6	3	33%
16-18	135	161	130	31	19%
19-20	0	0	0	0	0%
<b>Total</b>	<b>160</b>	<b>201</b>	<b>153</b>	<b>48</b>	<b>24%</b>

FINANCIAL PERFORMANCE 2018/2019: PARKS AND CEMETERIES						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	88 527	1 264 138	1,022,190	1,126,500	1,333,936	23%
Expenditure						
Employees	3 475 780	5 033 764	6,546,594	6,546,594	6,636,886	1%
Repairs and maintenance	722 548	1 131 737	1,360,757	1,305,790	1,050,203	-30%
Other	964 407	592 093	7,236,311	7,219,078	353,167	-1949%
Total operational expenditure	5 162 735	6 757 594	15,143,662	15,071,462	8,040,255	-88%
Net operational Expenditure	5 074 208	5 493 457	14,121,472	13,944,962	6,706,319	-111%

## COMMENT ON THE PERFORMANCE OF PARKS AND CEMETERIES

### 1. Cemeteries

- The limited burial space in Tlokwe region cemeteries is of a serious concern as all cemeteries have reached their lifespan capacity,
- The none-availability of land to develop as cemetery continues to place more pressure to the municipality as no suitable land is currently available.
- The available land within municipal boundaries identified is in Modderfontein along Eleazer road belongs to National Department Public Works and engagement process with the department is in progress.
- The internal funds budgeted in 2019/20 is seriously insufficient, top up external funding is crucial in order to ensure a fully-fledged cemetery can be developed.
- Critical vacant posts existing within the approved structure that take too long to get filled affects the capacity of the cemeteries section to deliver mandatory services of graves provisioning and maintenance. (Ventersdorp region doesn't have any permanent staff, only two temporary staff -Cemetery Caretaker and a Heavy Duty Machine Operator.
- The broken equipment and plant allocated to service the cemeteries grounds takes almost forever to get repaired.

### 2. Illegal Dumping

- The service of cleaning illegal dumping is located at Waste Management section according to the approved structure but in practice it is with Parks section. The unit doesn't have personnel appointed; everyone working in the unit is acting unofficially.

Ventersdorp region is not getting illegal dumping service due to lack of staff and equipment shortage

## COMPONENT E: ENVIRONMENTAL MANAGEMENT

### INTRODUCTION TO MANAGEMENT

### 3.13 ENVIRONMENTAL MANAGEMENT

## COMPONENT F: SECURITY AND SAFETY

### 3.14 TRAFFIC AND SECURITY

#### INTRODUCTION TO TRAFFIC AND SECURITY

The aim of the section is to promote road traffic safety throughout JB Marks Local Municipality to reduce road accidents, fatalities and injuries, as well as combat road traffic offences that contribute to accidents; and to safeguard and secure Council assets so as to combat theft within the municipality.

The following key functions are performed in this section:

Road safety: road safety operations were conducted during 2017/2018. Total of (10)  
Issuing and serving warrants

Details		2016/2017	2017/2018	2018/2019
		Actual	Actual	Actual
Number of road traffic incidents during the year		2835	2034	
Number of by-law infringements attended	S56	12001	10925	
	S341( h )	15550	524	
	S341( c )	421241	400310	
Number of police officers in the field on average day		35	28	
Number of police officers on duty on an average day		36	28	

#### SERVICE STATISTICS FOR TRAFFIC AND SECURITY SERVICES

STATISTICS	2016/2017	2017/2018	2018/2019
Traffic Violations	100 047	426169	
<b>Section 56 summonses:</b>	56		
Speed	45	55	
Other	13 237	10870	
<b>Section 341 Notices:</b>	341		
Parking Offences	500	524	
Cameras: speed	58 154	400310	
<b>Total income per annum</b>			
Traffic fines	R7 949 344.00	R8 410 666.00	
Accidents reports	1112	2034	
Escort fees		-	
Abnormal loads	1209	145	
Temporary closing of streets		487	
Hawkers	R 56025	-	
<b>Arrests (driving while under the influence of intoxicating liquor)</b>			
Males			
Females			
<b>Escorts / Special services rendered</b>			
Abnormal loads			
Funerals			

## EMPLOYEE INFORMATION

EMPLOYEES: TRAFFIC					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3		0	0	0	0%
4-6		4	3	1	25%
7-9		18	12	6	33%
10-12		44	30	14	32%
13-15		3	2	1	33%
16-18		23	22	1	4%
19-20		0	0	0	0%
Other Wardens		30	30	0	0%
<b>Total</b>		<b>122</b>	<b>99</b>	<b>23</b>	<b>19%</b>

FINANCIAL PERFORMANCE 2018/2019: TRAFFIC						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total operational revenue	70 377 551	4 971 773	85,576,847	85,412,972	160,695,092	47%
Expenditure						
Employees	23 985 556		41,037,253	41,037,253	28,735,902	-43%
Repairs and maintenance	3 443 571		2,585,840	2,458,161	1,079,136	-140%
Other	4 359 457		73,106,423	72,451,551	4,563,109	-1502%
Total operational expenditure	31 788 584		116,729,516	115,946,965	34,378,147	-240%
Net operational Expenditure			31,152,669	30,533,993	-126,316,945	125%

### 3.15 FIRE AND DISASTER MANAGEMENT

#### INTRODUCTION TO FIRE AND DISASTER MANAGEMENT

##### FIRE AND RESCUE SERVICES

The section focus mainly on legal requirements as per SANS 100:90" Community protection against fire" as well as Fire Brigade Act 1987.

The primary aim of this section is:-

- ✚ Save lives
- ✚ Incident stabilization
- ✚ Fire prevention
- ✚ Minimization of damage to property against fire
- ✚ Humanitarian help against environmental vulnerability
- ✚ Fire safety inspection
- ✚ Implementations of fire break in accordance with the fire brigade
- ✚ Review house and business plans
- ✚ Awareness campaigns

In terms of the Disaster Management Act 57 of 2002 and the National Policy Framework of 2005, a Disaster Management Centre is responsible for the following KPAs:

- Institutional Capacity Building
- Disaster Risk Assessment
- Disaster Risk Reduction
- Disaster Response and Recovery
- Disaster Management Information and Communication Centre

## DISASTER MANAGEMENT

DISASTER MANAGEMENT DATA			
Details	2016/2017	2017/2018	2018/2019
Total number of calls received and dispatched	13332	13 269	No System
Disaster Risk assessment	04	02	0
Public awareness campaigns	27	26	35
Number of personnel	11	09	10

- ❖ Emergency calls are captured manually in the occurrence book as there is no disaster management system. The emergency number is 018 293 1111

## SERVICE STATISTICS FOR DISASTER MANAGEMENT

DESCRIPTION OF CALLS	2016/2017	2017/2018	2018/2019
Disaster Relief	36	38	No system in place to calculate the information needed.
Drought	01	01	
Floods	40	19	
Disaster Management Inspection	20	15	
Windstorm	10	5	
Earthquake	01	00	
Fires	633	1292	
Sinkhole / Dolomite	10	04	
Hazmat	03	Not available	
Traffic related accidents	869	Not available	
Abnormal loads	266	Not available	
Special service	410	Not available	
Water and sanitation	4516	Not available	
Electricity complains	6315	Not available	
Public Events	35	26	

## EMPLOYEE INFORMATION

EMPLOYEES: FIRE AND DISASTER MANAGEMENT					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	2	2	2	0	0%
4-6	4	5	4	1	20%
7-9	25	41	24	17	41%
10-12	23	33	21	12	36%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Other Total	28	28	28	0	0%
<b>Total</b>	<b>109</b>	<b>109</b>	<b>79</b>	<b>30</b>	<b>28%</b>

FINANCIAL PERFORMANCE 2018/2019: FIRE						
R'000						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	315 530	230 201	84 350	264 350	319 057	74%
Expenditure						
Employees	21789 037	23 952 522	29 153 657	29 153 657	28 359 310	-3%
Repairs and maintenance	1 833 351	902 456	1 460 455	1 478 227	668 836	-118%
*Other	12 302 406	506 595	2 400 789	2 042 296	417 343	-475%
Total operational expenditure	35 924 794	25 361 573	33 014 901	32 674 180	29 445 488	-12%
Net operational Expenditure	35 609 264	25 131 372	32 930 551	32 409 830	29 126 431	-13%

FINANCIAL PERFORMANCE 2018/2019: DISASTER						
R'000						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	315 530	230 201	14,156,300	11,968,810	15,873,973	11%
Expenditure						
Employees	21789 037	23 952 522	22,746,081	22,746,081	21,704,560	-5%
Repairs and maintenance	1 833 351	902 456	914,096	799,530	447,770	-104%
*Other	12 302 406	506 595	5,008,064	42,331,867	38,889,521	87%
Total operational expenditure	35 924 794	25 361 573	28,668,241	65,877,478	61,041,850	53%
Net operational Expenditure	35 609 264	25 131 372	14,511,941	53,908,668	45,167,877	68%

## COMPONENT G: SPORTS AND RECREATION

### 3.16 SPORTS AND RECREATION

#### INTRODUCTION TO SPORT AND RECREATION

Department Sports and Recreation is responsible for providing an enabling environment for communities for participating in Sports and Recreation programmes.

#### The main service delivery priorities are:

Development and Maintenance of Sports and recreation facilities  
 To Provide Library Services to communities  
 To enhance to promote Arts and Culture.

#### Total number of Sports Arts and Culture Facilities

- ✚ Total number of Sports Facilities : 11 Sports Facilities
- ✚ Total number of swimming pools : 5
- ✚ Total Number of Libraries : 12 Libraries
- ✚ Total Number of Community Halls : 20 Community halls

✚ Total Number of Museums	:	5 Museums
✚ Total Number of Chalets	:	37 Lake Site Resort

SERVICE STATISTICS FOR THE LAKESIDE RESORT						
Description	2016/2017		2017/2018		2018/2019	
	Bookings	Income	Bookings	Income	Bookings	Income
Chalet bookings	2175	R1 490 295.00	2305	R1579715	2108	R89 8004
Caravan bookings	2391	R405 938.00	2534	R430 294	2495	R18 8972
Day Visitors	28744	R811 147.00	30468	R860 235	12578	R578 585

### COMMENT ON SERVICE STATISTIC

Potchefstroom Dam can generate more revenue and improve tourism and economic spinoffs. Department Sports Arts and Culture need funding for renovations and improving the standard and grading of the resort.

EMPLOYEES: SPORTS AND RECREATION					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No	Employees No.	Vacancies	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	8	10	8	2	20%
10-12	11	15	11	4	27%
13-15	2	3	2	1	33%
16-18	55	58	52	6	10%
19-20	0	0	0	0	0%
<b>Total</b>	<b>80</b>	<b>90</b>	<b>77</b>	<b>13</b>	<b>14%</b>

FINANCIAL PERFORMANCE 2018/2019: Sports and Recreation						
R'000						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue			2,749,291	2,479,394	2,094,352	-31%
Expenditure						
Employees			43,243,631	43,243,631	16,228,736	-166%
Repairs and maintenance			10,448,382	9,671,218	3,073,199	-240%
*Other			19,624,153	20,518,544	6,456,843	-204%
Total operational expenditure			73,316,166	73,433,393	25,758,778	-185%
Net operational Expenditure			70,566,875	70,953,999	23,664,426	-198%

### INTRODUCTION OF CORPORATE SERVICES

Chapter 7 of the Constitution of the Republic of South Africa states that a municipality comprises councilors, officials and the community. In order for the municipality to govern its affairs correctly it must consult with the community to ensure that needs are correctly determined, explained and included in the IDP for Service Delivery purposes.

Policies must be put in place which will address the needs of the community in terms of how service delivery matters will be addressed.

In order for the municipality to be able to address service delivery matters, the municipality must within limits approve a budget that will be commensurate with the needs/projects identified for the particular year. This budget must also address staff matters, and this can only be achieved through a costed organogram that must be cost-effective but that also provides sufficient management and other positions in order for the municipality to be able to render effective and satisfactory services.

Management must ensure that tools of the trade are made available to staff. This includes ICT services and networks, including the necessary licenses.

In order for the municipality to finance service delivery it must ensure that the budgetary expenditure will be redeemed through cash collection that will be generated by payment for services. Payment for services will be covered by payment for rates and taxes and will include proper and sufficient municipal service delivery network such as water pipes and reservoirs as well as sewer and electrical networks, and plant and equipment.

### 3.17 MUNICIPAL COUNCIL

#### INTRODUCTION OF MUNICIPAL COUNCIL

In terms of chapter 7 section 151 (2) of the Constitution of the Republic of South Africa, 101 of 1996, the executive and legislative authority of a municipality is vested in its municipal council.

The municipal Council of JB Marks Local Municipality recognized as a municipality with Speaker/Mayor which is combined with a ward participatory system in terms of chapter 12 of the Municipal Structures Act, 117 of 1998. Section 152 of the Constitution categorically and clearly spells out the objectives of local government, and the powers and functions of municipalities are determined in section 156 of the Constitution.

The executive authority of the Council vested with the Speaker/Mayor, who must however report to Council and is assisted by Councillors established for Portfolio and who may make decisions. However, there are certain matters on which the Speaker/Mayor as the head of the municipality cannot make decisions i.e. the approval of budget, and IDP and by-laws, as these matters cannot be delegated and must be approved by Council.

In terms of delegation of powers certain matters may be delegated by Council to the Mayor, who will in turn sub-delegate to the Municipal Manager. The Municipal Manager may also sub-delegate to Directors, who may in turn further sub-delegate to other officials.

*Section 152 of the Constitution sets among others the following objectives for Local Government:-*

- (a). *to provide democratic and accountable government for local communities*
- (b). *to ensure the provision of services to communities in a sustainable manner*
- (c). *to promote social and economic development*

In order to ensure sustainable service delivery to the community. Council should sets the service delivery priorities as follows in order to achieve good governance levels:



## SERVICE STATISTICS FOR THE MUNICIPAL COUNCIL

DETAILS	2017/2018		2018/2019	
	Ordinary Council Meetings	Special Council Meetings	Ordinary Council Meetings	Special Council Meetings
Ordinary Council Meetings	10		6	
Special Council Meetings		6		3

Details	2016/2017	2017/2018	2018/2019
<b>SECTION 80 COMMITTEE MEETINGS</b>		4	0
Budget Steering Committee	2	2	2
<b>MAYORAL COMMITTEE MEETINGS</b>	3	2	5
<b>MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETINGS</b>	7	7	1
<b>IDP REPRESENTATIVE FORUM MEETINGS</b>	2	2	1

## EMPLOYEE INFORMATION

EMPLOYEES: OFFICE OF THE MAYOR, THE SPEAKER AND SINGLE WHIP					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	2	3	1	2	67%
4-6	3	4	3	1	25%
7-9	8	19	8	11	58%
10-12	3	4	3	1	25%
13-15	0	1	0	1	100%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	<b>16</b>	<b>31</b>	<b>15</b>	<b>16</b>	<b>48%</b>

FINANCIAL PERFORMANCE 2018/2019: MUNICIPAL COUNCIL (POLITICAL OFFICES, MUNICIPAL MANAGER, AND COUNCILLORS)						
R'000						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total operational revenue	2 918 409	58 300			530	100%
Expenditure						
Employees	45 085 538		60 910 235	60 825 235	59 553 558	-2%
Repairs and maintenance	4 407 185		5 858 946	4 081 203	2 704 026	-117%
Other	62 168 399		30 651 654	27 138 173	48 252 643	36%
Total operational expenditure	111 661 122	98 778 391	97 420 835	92 044 611	110 510 227	12%
Net operational Expenditure	108 742 713		97 420 835	92 044 611	110 509 697	12%

## 3.18 STRATEGIC PLANNING AND REGULATORY

Budget oriented planning or forecast methods are insufficient for the organization to prosper. There is a need to engage in strategic planning that clearly defines objectives and assesses both the internal and external situation to formulate strategy, evaluate progress and make judgments as necessary to stay on track.

Strategic plans therefore identify strategically important outcomes – oriented goals and objectives against which the municipality's medium-term results can be measured and evaluated by various identified stakeholders. Annual performance plans identify the performance indicators and targets that the institution will seek to achieve in the upcoming budget year. This performance information is important for effective management, including planning, budgeting, implementing, reporting monitoring and evaluation.

As a component of its strategic plan, annual performance plan or IDP the municipality must adopt, monitor and evaluate strategies that describe the approach the institution is to follow to create and operate monitoring and evaluation systems which will produce credible, accurate information on an ongoing basis that gets used to improve service delivery and governance.

## **INTRODUCTION TO STRATEGIC PLANNING AND REGULATORY**

The directorate comprises the following units:

### **PERFORMANCE MANAGEMENT UNIT**

The objective of Performance Management is to improve the performance of the municipality as guided by the Local Government: Municipal Systems Act 32 of 2000, as amended (MSA), Local Government: Municipal Planning and Performance Management Regulations, 2001 and Local Government: Municipal Finance Management Act 2003 (MFMA).

Performance Management is the central management tool that assists Council in improving service delivery by channeling the efforts of its departments and employees to meet performance targets and in so doing insuring that the municipality achieving its strategic objectives.

It is a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regular plan, continuously monitor and, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact. This system will therefore ensure that all leaders, managers and individuals in the municipality are held accountable, which should improve service delivery and value for money.

### **INTEGRATED DEVELOPMENT UNIT**

The IDP review itself is mandatory in terms of Section 34 of the same legislation referred to above and seeks to induce life into the IDP such that it takes into account the changing priorities and planning outcomes of JB Marks Local Municipality. The IDP version signifies generation to generation for JB Marks Local Municipality and will remain in force until the completion of the term of office of the current municipal council.

This document is a product of a broad consultative process which culminated in a successful IDP Representative Forum held where stakeholders confirmed and approved projects for JB Marks Local Municipality. In line with section 41 of the Constitution of the Republic of South Africa, our IDP as reviewed is accordingly informed by and aligned to the developmental priorities of our municipality and sector departments of our district, including some state-owned enterprises and the business community.

Our IDP is premised on the vision of a development plan that will create a caring municipality, characterized by development, poverty alleviation and job creation. The development, poverty alleviation and job creation envisaged will be underpinned by people-driven, people-centered socio-economic development that respects and embraces the democratic values of human dignity, equality and freedom.

### **RISK MANAGEMENT**

In compliance with Municipal Finance Management Act, section 62(i) (c) and Public Sector Risk Management framework, The Municipality have established a Risk Management division and an Accounting Officer has appointed a Risk Committee, which comprise of Internal members and an Independent External Chairperson, who is not in the employment of Council and is knowledgeable of the status of the position, have requisite Risk Ethics, Fraud and anti- Corruption expertise. All Internal

members are Heads of Departments, who brings necessary expertise from different departments. The National Treasury (Risk Management Unit), Provincial Treasury (Municipal Support) serves as standing invitees in the Risk Committee.

The responsibilities of a Risk Committee are formally defined in a Charter that is reviewed and recommended by the Committee and subsequently approved by the Accounting Officer. This charter is due to serve before Council for adoption. The Risk Management Division is finalising its Risk assessment process that will ultimately produce the Risk Register of the Municipality.

Risk management is a valuable management tool which increases an Institution's prospects of success through minimising negative outcomes and optimising opportunities and the Municipality assent to the following benefits of the risk management;

- ✚ Value for money
- ✚ Increased confidence in achieving the municipal priorities and outcomes
- ✚ Constrain threats to avoidable risks
- ✚ Informed decisions and exploitation of opportunities
- ✚ Ensure that the right balance is struck between risks and rewards
- ✚ Improve working partnership arrangements and corporate governance
- ✚ Ensure ultimately that the municipality maximises its opportunities and minimises the impact of the risks it faces, thereby improving the ability to deliver good services to the community at large.

## MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

### SERVICE STATISTICS FOR MPAC MEETINGS 2018/2019

DETAILS	NUMBER
Meetings held by chairperson and administration/members of public	1
Meetings held by MPAC members	
Meetings held at provincial and district MPAC forums	

## EMPLOYEE INFORMATION

EMPLOYEES: STRATEGIC PLANNING & REGULATORY (PMS, IDP)					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	0	1	0	1	100%
4-6	2	2	2	0	0%
7-9	3	4	3	1	25%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>29%</b>

EMPLOYEES: OFFICE OF THE MUNICIPAL MANAGER (MISS, INTERNAL AUDIT, RISK)					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	3	4	4	0	0%
4-6	0	1	0	1	100%
7-9	4	6	4	2	33%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	<b>7</b>	<b>11</b>	<b>8</b>	<b>3</b>	<b>27%</b>

FINANCIAL PERFORMANCE YEAR 0: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES						
Details	2016/2017	2017/2018	2018/2019			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue		R 0				
Expenditure		R 4 306				
Employees		R 2 936	932 590	932 590	715 686	-30%
Repairs and maintenance		R 480	-	-	-	
Other		R 848	206 800	162 327	27 098	-663%
Total operational expenditure		R 4 306	1 139 390	1 094 917	742 784	-53%
Net operational Expenditure		R 0	1 139 390	1 094 917	742 784	-53%

### 3.19 FINANCIAL SERVICES

#### INTRODUCTION TO FINANCIAL SERVICES

This directorate deals with the administration of finance of the municipality i.e own budget as well as the money received from Government Fiscal i.e allocation by Government to the municipality to enhance service delivery as in MIG and equitable shares. For the municipality to have effective service delivery, budget and IDP processes must be followed so as to ensure public participation to cover all community proposals as regards projects.

The directorate must develop budget-related policies and by-laws which will govern consistent charging of moneys for services rendered to the communities.

Collection of moneys owed to Council as revenue must also be covered in terms of policy. Internal and external audits will be conducted in order to ensure management of risk and curbing of corruption while encouraging effective customer care and service.

DEBT RECOVERY						
Details of the types of account raised and recovered	2016/2017		2017/2018		2018/2019	
	Actual for accounts billed in year	Proportion of accounts value billed that was collected %	Actual for accounts billed in year	Proportion of accounts value billed that was collected %	Estimated out turn for account billed in year	Estimated proportion of accounts billed that was collected %
Property rates	R 143 946 378	R128 473 433	R 167 226 614	R 151 155 841	R 177 751 062	R 127 358 636
Electricity –B & C	R 612 657 313	-	R 739 877 572	R 654 839 805	R658 985 085	R 472 183 184
Water – B & C	R 91 204 708	-	R 121 195 876	R 82 239 669	R 115 017 798	R 82 410 252
Sanitation	R 60 599 591	-	R 72 501 181	R 47 189 826	R 65 027 639	R 46 592 232
Refuse	R 52 425 852	-	R 65 969 377	R 38 632 729	R 49 761 465	R 35 654 090
Other					-	

- ✚ Property rates billed annually has a collection rate of **90.39%**
- ✚ Electricity billed annually has a collection rate of **88.51%**, taking into account electricity losses and theft.
- ✚ Water billed annually has a collection rate of **67.86 %** with huge water losses in the municipal area.
- ✚ Sanitation billed annually has a collection rate of **65.09 %**
- ✚ Refuse billed has a collection rate of **58.56 %**

## EMPLOYEE INFORMATION

EMPLOYEES: FINANCE DEPARTMENT					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	5	6	4	2	33%
4-6	13	22	11	11	50%
7-9	32	37	28	9	24%
10-12	18	25	15	10	40%
13-15	18	20	18	2	10%
16-18	2	3	2	1	33%
19-20	0	0	0	0	0%
<b>Total</b>	<b>88</b>	<b>113</b>	<b>78</b>	<b>35</b>	<b>31%</b>

FINANCIAL PERFORMANCE 2018/2019: FINANCIAL SERVICES						
R'000						
Details	2016/2017	2017/2018				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	353 697 360	427 194 439	455,631,888	452,900,355	508,071,316	10%
Expenditure						
Employees	37 079 638	62 091 250	436,220,269	436,220,269	18,984,783	-2198%
Repairs and maintenance	492 897	2 526 211	1,461,816	1,283,939	224,898	-550%
Other	283 014 269	155 045 321	156,914,803	176,045,907	335,138,677	53%
Total operational expenditure	320 586 804	219 662 782	594,596,888	613,550,115	354,348,357	-68%
Net operational Expenditure	-33 110 556	207 531 657	138,965,000	160,649,760	-153,722,959	190%

## NATIONAL KEY PERFORMANCE INDICATOR

### 3.20 HUMAN RESOURCES SERVICES

#### INTRODUCTION TO HUMAN RESOURCES SERVICES

The priorities of Human Resources Services are-

To draft a five-year Employment Equity Plan

To appoint Service providers to provide training for officials of the municipality, capacitating them as required by the Skills Development Act of 1998

Filling of vacant positions

% of the Training Budget was spent during the 2018/2019 financial year

## SERVICE STATISTICS FOR HUMAN RESOURCES SERVICES

### Total Personnel expenditure trends in the last three years

The following table reflects the total personnel expenditure trends from 2016/2017 to 2018/2019

FINANCIAL YEAR	(R'000)	% OF TOTAL BUDGET
2018/2019	424 770 241	24.65%

### Pension and Medical Aid Funds

PENSION FUND	NUMBER OF MEMBERS		
	2016/2017	2017/2018	2018/2019
Municipal Gratuity Fund	10	131	129
Joint Municipal Pension Fund	0	434	419
Sala Pension Fund	7	66	60
Municipal Councillors Pension Fund	0	0	55
Municipal Employees Pension Fund	0	179	172
SAMWU Pension Fund	74	294	280
National Fund for Municipal Workers	44	71	77

Council's actual pension fund expenditure for 2018/2019 financial year towards the employer's contribution R46, 329,049.41

MEDICAL AID FUND	NUMBER OF MEMBERS	EMPLOYER'S CONTRIBUTION (R)
Keyhealth	52	R2,533,687.02
Hosmed	66	R2,900,813.01
Bonitas	125	R4,732,059.74
LA Health	390	R9,745,286.83
SAMWU Med	163	R3,871,144.43
Pensioners and provision for contributions	194	R9,309,099.00
<b>Total</b>	<b>990</b>	<b>R33,101,090.03</b>

### Outstanding monies

Circular 11 requires that the municipalities disclose arrears (outstanding monies) by councillors / employees for the financial year.

ACCOUNTS IN ARREAS AT PRESENT	ARREAS: JUN-2017	ARREAS: JUNE 2018	ARREAS: JUNE 2019
Councillors	R 15 741,02	R 36 087,14	
Employees	R 956 620,22	R 1 306 718,86	

### Disclosure concerning Councillors and Directors

The following table reflect the remuneration for Councillors and Directors.

DESIGNATION	REMUNERATION PACKAGE ( R )		
	2016/2017	2017/2018	2018/2019
Executive Mayor	R737 750.00	R861 461.04	R880 987.71
Whip	R508 128.00	R656 413.29	R670 941.04
Councillors	R13 772 994.00	R16 740 394.98	R22 993 766.77
Municipal Manager	R1 780.529.70	R1 577 712.13	R737 510.88
Director Finance		R895 084.81	R1 376 803.11
Director Infrastructure Services	R1 211.212.18	R1 452 944.80	R426 940.10

Director Municipal Services and LED		R828 769.23	R1 283 575.64
Director Corporate Service	R536.584.92	R1 156 716.97	R425 668.94
Director Community Safety	R1 035.247.27	R806 810.96	R427 642.50

#### Personnel Administration

DETAIL	2016/2017	2017/2018	2018/2019
Pension	11	24	31
Resignations	5	22	13
Deaths	1	14	8
Other	12	2	1
Dismissed	0	1	2
Medical boarding	0	2	2
Death claims	1	14	8
Posts in Council	231	1576	1576
Posts filled	140	1186	1202
Posts Vacant	91	390	374

#### OCCUPATIONAL HEALTH AND SAFETY

DETAILS	2016/2017	2017/2018	2018/2019
Number of recorded incidents	22	52	27
Number of fatal incidents reported	0	2	1
Number of safety inspections conducted	12		13
Number of construction projects inspected	16	22	11
Number of safety audits	10	4	2
Number of public fatal injuries / drowning	11	0	0

#### EMPLOYEE INFORMATION

EMPLOYEES: HUMAN RESOURCES					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	8	14	8	6	43%
7-9	10	14	9	5	36%
10-12	5	8	5	3	38%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	<b>23</b>	<b>36</b>	<b>22</b>	<b>14</b>	<b>39%</b>

FINANCIAL PERFORMANCE 2018/2019: HUMAN RESOURCE SERVICES						
R'000						
Details	2016/2017		2017/2018			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue			286 200	-	2 739 813	90%
Expenditure						
Employees			44,531 267	44 531 267	35 139 137	-27%
Repairs and maintenance			405 202	376 821	60 062	-575%
Other			33 393 307	44 485 119	4 233 110	-689%
Total operational expenditure			78 329 776	89 393 207	39 432 309	-99%
Net operational Expenditure			78 043 576	89 393 207	36 692 496	-113%

## NATIONAL KEY PERFORMANCE INDICATORS

### 3.21 INFORMATION TECHNOLOGY SERVICES (ICT)

The Information Communication and Technology Services enables both the critical and catalyst function for service delivery at the customer interface. ICT enables the achievement of the obligations by deploying relevant information technology solution.

#### ICT Priorities

- ✚ To refresh hardware/software licenses of the municipality
- ✚ To provide technical support services.
- ✚ Operation of computer server do back-ups, database management and electricity vending system support services
- ✚ Internet and email system support services to ensure meaningful communication in the municipality
- ✚ Network availability and access other functions.

There are two officials assisting on monthly contract in the unit, subject to review of organogram by Council

#### ACHIEVEMENTS / COMPLETED

- ✚ IT systems from the erstwhile Ventersdorp and Tlokwe Local Municipality has been integrated into one System (Server).- Completed
- ✚ The Network link between Ventersdorp and Tlokwe is successfully implemented and is working very well.- Completed
- ✚ The Telephone Management System was integrated into one system. - Completed
- ✚ The Website of the erstwhile Ventersdorp and Tlokwe Local Municipality has been combined into one.- Completed



### 3.22 LEGAL AND ADMINISTRATION SERVICES

#### INTRODUCTION TO LEGAL AND ADMINISTRATION SERVICES

#### SERVICE STATISTICS FOR LEGAL AND ADMINISTRATION SERVICES

INFORMATION	2016/2017	2017/2018	2018/2019
Cases against Council	85	60	37
Cases for Council, Including debt and municipal bylaws contraventions (high court and magistrate court)	5	1064	1099
Cases successfully defended	6	0	2
Cases settled in favour of the municipality	25	3	2
Cases Settled in favour of the plaintiff			2
Cases outstanding, including moot ,evictions ,equality court matters	40	60	62
Cases referred to Labour court	10	6	4
None-litigious matters	20	44	21
<b>Total Cases</b>	<b>191</b>	<b>1237</b>	
<b>Total Expenditure</b>		<b>R11 024 970.89</b>	<b>R 5 635 313.73</b>

EMPLOYEES: ADMINISTRATION OF CORPORATE SERVICES					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	5	7	6	1	14%
4-6	9	20	10	10	50%
7-9	10	15	10	5	33%
10-12	18	22	18	4	18%
13-15	0	0	0	0	0%
16-18	72	73	69	4	5%
19-20	0	0	0	0	0%
<b>Total</b>	<b>114</b>	<b>137</b>	<b>113</b>	<b>24</b>	<b>18%</b>





EMPLOYEES: LAND DEVELOPMENT & PROPERTY RIGHTS					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts)
0-3	1	1	1	0	0%
4-6	3	4	3	1	25%
7-9	0	1	0	1	100%
10-12	2	3	2	1	33%
13-15	0	0	0	0	0
16-18	0	0	0	0	0
19-20	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>44%</b>

# Chapter 3

COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD

# ANNUAL PERFORMANCE REPORT 20182019

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## 1. INTRODUCTION

This annual performance report is hereby submitted by the Municipal Manager in terms of section 121 of the Municipal Finance Management Act, 56 of 2003 read with the Municipal Systems Act, 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 and 63 on annual reporting.

The Municipal Planning and Performance Management Regulations (2001) Chapter 7, stipulates that a “municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players”.

The 2018/2019 Performance Management Framework Policy aligned with the National Treasury Policy Framework for JB Marks was reviewed, amended and submitted to Council for approval.

Section 46 of Municipal System Act (Act 32 of 2000), stipulates the following:-

Annual performance reports
46. (1) A municipality must prepare for each financial year a performance report Reflecting:-
(a) the performance of the municipality and of each external service provider during that financial year;
(b) a comparison of the performances referred to in paragraph (a) with targets set for and performance in the previous financial year; and
(c) Measures taken to improve performance.
(2) An annual performance report must form part of the municipality’s annual report In terms of Chapter 12 of the Municipal Finance Management Act.”

This report covers the performance information from 1 July 2018 to 30 June 2019 and focuses on the implementation of the Service Delivery and Implementation Plan (SDBIP), in relation to the Integrated Development and Plan (IDP) and Budget.

The report will also reflect on the Municipality’s performance in terms of the five (6) National Key Performance Areas for local government, which are:-

- Service Delivery & Infrastructure Development
- Municipal Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability & Management
- Good Governance and Public Participation
- Spatial Rationale

The year under review the JB Marks Local Municipality had 5 Directorates:-

- Directorate of Infrastructure
- Directorate of Community Safety
- Directorate of Community Services
- Directorate of Corporate Services
- Directorate of Finance

## 2. INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

In the 2018/2019 financial year, every effort was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP.

The JB Marks Local Municipality has continued to maintain the effective operation of the following mechanisms:-

- The SDBIP was developed to integrate the IDP and Budget and to ensure effective implementation of the institutional strategies.
- Performance agreements with performance plans were developed, signed and approved by the Mayor as required by the Municipal Performance Regulations, 2006.
- Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager.
- A Mid-year budget and performance assessment in terms of Section 72 of the Municipal Finance Management Act, which informed the adjustment budget and revised SDBIP, were performed.
- The 2018/2019 Quarter assessment of performance managers directly reporting the MM as well as MM's performance were not conducted as required by the performance regulations, this process to be conducted after the adoption of the 4<sup>th</sup> quarter report by Council




### 3. AUDITING OF PERFORMANCE INFORMATION

The Municipal Systems Act, 2000, Section 45 requires that the results of performance measurements in terms of section 41 (1) (c), must be audited as part of the internal auditing process and annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, 2001.

Council Internal Audit section is responsible to perform this function. As part of their scope, auditing of the Performance Management System and Information was performed and reports were submitted for each quarter in terms of the following:-

- Identify non-compliance with the relevant laws and regulations in the overall performance management system, processes and procedures.
- Document the understanding obtained of the performance information system, processes and procedures
- Document the understanding of risks that exists in the detailed performance management process per selected development priority.
- Assess, review, test and verify the consistency, measurability, relevance and presentation of planned and reported performance information.
- Review scorecards on a test basis to supporting evidence on a sample basis;
- Record the system that is used to generate the performance information
- Ensure compliance with the requirement of the PMS regulations;
- Ensure the accuracy and validity of the information included in the annual report based on the evidence inspected; on a sample basis.

The Performance Audit Committee was established during 2018/2019 and consists of 4 committee members. The committee members are as follows:-

 Mr. HB. Mathibela	:	Audit Committee Chairperson
 Mr. M.I. Motala	:	Audit Committee Member
 Ms. APC Mangoma	:	Audit Committee Member

#### 4. REMEDIAL ACTIONS FOR PERFORMANCE MANAGEMENT

In order to improve on performance planning, implementation and reporting, the municipality to implement the following actions during the new financial year:-

- Management to discuss monthly progress of the SDBIP as a standing agenda item at top management meetings.
- The Top Layer and Technical SDBIP to be discussed as a standing agenda items to gauge performance of each departments challenges as in when they are reported to be resolved to assist the municipality to achieve its objectives.
- That Management develop the Management meetings schedule and adhere to that.
- The Accounting Officer to review the quarterly performance reports to ensure that quarterly performance targets are achieved as per the SDBIP.
- That quarterly performance reports be submitted as per dates contain the Performance Action Plan
- That quarterly reports submitted without Portfolio of Evidence not be accepted and that the relevant director be informed to comply
- That the quarterly performance assessment of Performance of Managers directly reporting to the Municipal Manager as well as the Municipal Manager's Performance be conducted as per required by the performance regulation.

#### 5. ISSUES RAISED IN THE 2017/2018 AUDITOR GENERAL'S REPORT

*Auditor General Draw attention to the following matters raised for the JB Marks LM:*

- Performance indicators and targets not useful
- Key Performance indicators misstated
- Key performance indicators not well defined
- Key performance indicators Irrelevant

#### 6. ANNUAL PERFORMANCE INFORMATION

The Annual Performance Report must be submitted to the Auditor General for auditing together with the Annual Financial Statements on 31 August 2019.

As part of the report, the following areas were addressed:-

- National Key Performance Indicators
- Outcome 9 indicators of National Government
- IDP and Capital Projects
- Operational Indicators

The Annual Performance Report for 2018/2019 financial year reflects the performance of the municipality and directorates in a table format, measured on the approved KPI's and targets, as contained in the IDP and SDBIP. The achievements, reasons for deviation and planned remedial action are reported by the respective directorates.

Data is supported by the relevant evidence captured and maintained by the directorates to support the data captured on the Performance Management System. Measurable performance targets with regard to each of the development priorities and objectives were established.

***These are Municipality's Key Performance Areas are as follows:-***

- Municipal Transformation and Organisational Development
- Infrastructure Development and Service Delivery
- Local Economic Development (LED)
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Spatial Rationale

## 7. ORGANISATIONAL PERFORMANCE RESULTS

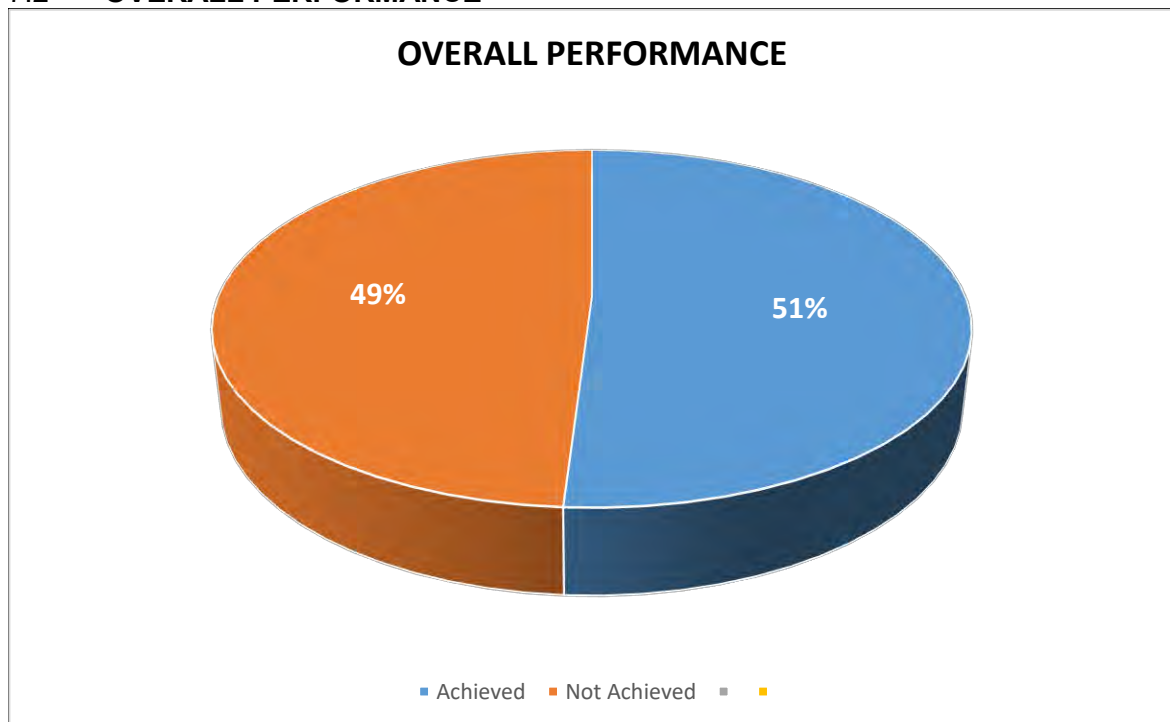
The following table encapsulates the high-level summary of the municipality's 2018/2019 performance results with regard to each of the development priorities.

KEY PERFORMANCE AREAS	ANNUAL KPI'S	NUMBER OF KPI'S ACHIEVED	% ACHIEVEMENT
Basic Services	35	14	40%
Local Economic Development	11	5	45%
Municipal Transformation and Organisational Development	7	3	43%
Finance Management and Viability	13	8	61%
Good Governance and Public Participation	29	19	65%
Spatial Rationale	3	1	33%
<b>Total</b>	<b>98</b>	<b>50</b>	<b>51%</b>

### 7.1 COMPARISON OF CURRENT PERFORMANCE WITH PREVIOUS FINANCIAL YEAR PERFORMANCE OF THE JB MARKS LOCAL MUNICIPALITY

MUNICIPALITY	2016/2017	2017/2018	2018/2019
<b>JB MARKS LOCAL MUNICIPALITY</b>	<b>47%</b>	<b>26%</b>	<b>51%</b>

### 7.2 OVERALL PERFORMANCE



### 7.3 OVERVIEW OF NON-FINANCIAL PERFORMANCE INFORMATION BY June 2019

Description	Number	Percentage
Total Number of annual KPI	98	100%
Total Number of KPI's applicable	98	100%
Total Number of KPI's Achieved	50	51%
Total Number of KPI's Not Achieved	48	49%


7.4 The following highlights contributed to overall 2018/2019 annual performance of the JB Marks Local Municipality:-

- 2018/2019 Reviewed IDP and Budget tabled by Council
- 2018/2019 SDBIP approved by the Mayor
- 2018/2019 Mid-Year Assessment Report approved by the Executive Mayor
- Approved 2018/2019 Budget and tariffs
- Approved 2018/2019 Adjustment Budget
- 432 jobs created through municipality's local economic development initiatives including capital projects (EPWP)

### 8. CONCLUSION AND APPROVAL BY THE MUNICIPAL MANAGER

During the 2018/2019 year the overall Performance reflect **51%** achievement rate. Municipality, will continue improving on its performance management system, particularly in the application of the SMART principle. Challenges exists on accurate and timeously performance information as well as reporting meaningful deviations and measures taken to improve performance for all targets not met on a quarterly basis.

The continuous support rendered by the PMS Unit to all directorates quarterly, will improve the organisational culture towards performance management so as to eliminate the hindrances to proper planning and to enhance accurate and credible monitoring and reporting on performance.

  
MR. L. RALEKGETHO  
MUNICIPAL MANAGER

  
CLLR. K. KHUMALO  
EXECUTIVE MAYOR

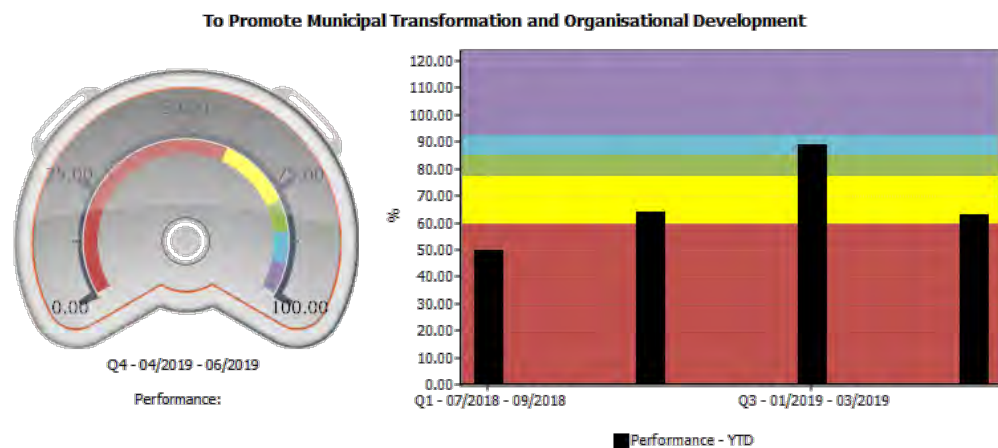


## **Chapter 3**




# **IDP AND COUNCIL PROJECTS**

**(Grant and Council Funded)**

## KPA 1: Municipal Transformation and Organizational Development

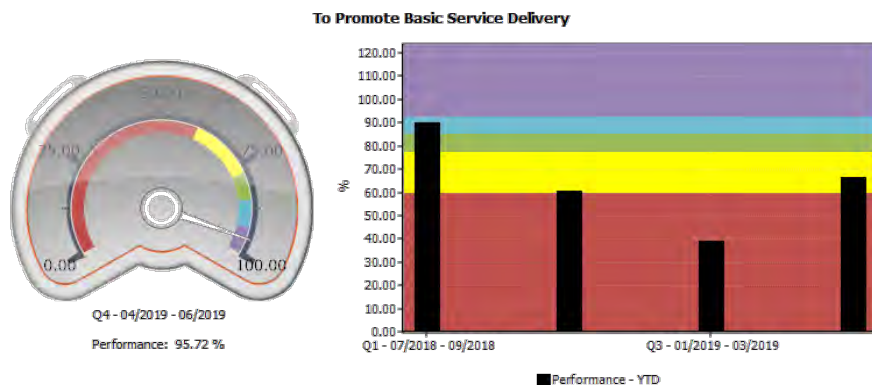


Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
MM - PMS	To Improve Organization stability and sustainability	PA Signed	PA signed	Output	Number of Performance Agreements for Section 56 & 57 Manager's Signed and approved by Council by July 2019	5 Performance Agreements for Section 56 & 57 Manager's signed and approved by Council by July 2019	N/A	N/A	OPEX	N/A	OPEX	<div><div></div></div> 180%	9 Performance Agreements for Section 56 & 57 Manager's signed and approved by Council by July 2019	From July to Dec Municipality had vacant positions of section 56 and 57, Acting Directors were appointed	Municipality will comply with Municipal Performance Regulations for Municipal Manager and Manager directly reporting to the municipal Manager

Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Corporate Services - HR	To Improve Organization stability and sustainability	N/A	4 Reports	Output	Number of reports on filling of Vacant critical positions submitted to Council by June 2019	4 reports on filling of Vacant critical positions submitted to Council by June 2019	N/A	N/A	OPEX	N/A	OPEX	 100%	4 reports on filling of Vacant critical positions submitted to Council by June 2019	N/A	N/A
Corporate Services - HR	To Improve Organization stability and sustainability	0	0	Output	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved Employment equity plan by June 2018	5 of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan by June 2019	N/A	1 of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan by June 2019	OPEX	N/A	OPEX	 100%	1 of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan by June 2019	N/A	N/A
Corporate Services - HR	To Improve Organization stability and sustainability	5	2	Output	Number of LLF Meetings conducted in the JB Marks LM by June 2019	4 LLF meetings conducted in the JB Marks LM by June 2019	N/A	N/A	OPEX	N/A	OPEX	 25%	1 LLF meetings conducted in the JB Marks LM by June 2019	The representation of the LLF were not inline with collective agreement, the election of the shop stewards for both unions took same time to be finalised	The first LLF meeting for 2019 will be conducted on 16 April 2019.


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Corporate Services - EAP	To Improve Organizational stability and sustainability	4	4	Output	Number of Health awareness campaigns conducted for employees of JB Marks LM by June 2019	4 Health awareness campaigns conducted for the employees of JB Marks LM by June 2019	N/A	N/A	R 10 610.00  Vote Number: 010021002021	N/A	R0.00	<div><div></div></div> 25%	1 Health awareness campaigns conducted for the employees of JB Marks LM by June 2019	Invitations submitted, but the attendance register not attached as planned POE to confirm the event was conducted.	Improvement on the internal controls for filing all Portfolio of Evidence as planned in the next financial year
Corporate Services - OHS	To Improve Organizational stability and sustainability	4	2	Output	Number of Occupational Health and Safety Act compliance audits conducted in JB Marks LM by June 2019	4 of Occupational Health and Safety Act compliance audits conducted in JB Marks LM by June 2019	N/A	N/A	R 23 342.00	N/A	OPEX	<div><div></div></div> 50%	2 of Occupational Health and Safety Act compliance audits conducted in JB Marks LM by June 2019	Invitations submitted, but the attendance register not attached as planned POE to confirm the event was conducted.	Improvement on the internal controls for filing all Portfolio of Evidence as planned in the next financial year
Corporate Services - ICT	To Improve Organizational stability and sustainability	0%	0%	Output	% of ICT Security Policy Developed and submitted to Council by June 2019	100% of ICT Security Policy Developed and submitted to Council by June 2019	N/A	N/A	R 0.00	N/A	OPEX	<div><div></div></div> 0%	0% of ICT Security Policy Developed and submitted to Council by June 2019		

## KPA 2: Basic Service Delivery



Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performanc e Indicator	Annual Performan ce Target	Adjuste d KPI	Adjuste d Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditur e	Achieve ment	Actual Performanc e	Challenges	Remedial Action
MIG-Funding  Capital Project	To Eradicate backlog in order to improve access and ensure proper operation and Maintenan ce	100%  R66 085 368.69 of MIG spent	92%  R86 860 484 of MIG spent	Impact	% of MIG Grant spent in JB Marks Local Municipality by June 2019	100% of MIG Grant spent in JB Marks Local Municipality by June 2019	N/A	N/A	R 65 344 000.00	N/A	R52 119 730.09	<div><div></div></div> 80%	80 % of MIG Grant spent in JB Marks Local Municipality by June 2019	R8 500 000, was withheld from the municipality by National Treasury, as result of not spending 60% as per compliant timeframe	In the 2019/2020 to spend MIG according to prescribed legislation.

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Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performanc e Indicator	Annual Performan ce Target	Adjuste d KPI	Adjuste d Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditur e	Achieve ment	Actual Performanc e	Challenges	Remedial Action
IDP- MIG funding-Capital Project  PMU- Road and Storm Water  Multi-Year Project from 2017/2018to 2018/2019	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	Phase 2 Internal Road Completed	Impact	% of Km of Internal Road (Phase 3) Constructed in Appeldraai (Ward 32) by June 2019	100% of 1.1Km of Internal Road (Phase 3) Constructed in Appeldraai (Ward 32) by June 2019	Number of kilometres of internal road construct ed in Appeldra ai – Ward 32 by 30 June 2019 (Phase 3)	1.1 kilometr es of internal road construc ted in Appeldr aai – Ward 32 by 30 June 2019 (Phase 3)	R 5 000 000.00  Vote Number: 070340000002	R5 887 858 .00	R5 132 815 .95	 0%	0.00KM of Internal Road constructed in Appeldraai Ward 32 by 30 June 2019 (Phase 3)	50% Constructio n Progress, SCM Processes delayed to appoint Contractor	SCM unit to ensure appointment of service providers is done timeously, the appointment process is regularly monitored and efficient, PMU to monitor the progress on projects on a regular basis to ensure timeous completion in the next financial year.




Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
IDP-MIG Funding-Capital Project  PMU-Road and Storm Water  Multi-Year Project from 2018/2019 – 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	Design completed	Impact	% of Km of Road & Storm (Phase 1) Water Constructed in Ext 7 (Ward 20) by June 2019	100% of 3.2Km of Road & Storm (Phase1) Water Constructed in Ext 7 (Ward 20) by June 2019	Number of kilometres of road & storm water constructed in Extension 7 - Ward 20 by 30 June 2019 (Phase 1)	1.5 kilometres of road & storm water constructed in Extension 7 - Ward 20 by 30 June 2019 (Phase 1)	R6 500 000.00  Vote Number: 070340000015	N/A	R5 538 454.85	<div><div></div></div> 0%	0.00KM of road & storm water constructed in Extension 7 -Ward 20 by 30 June 2019 (Phase 1)	62% Construction Progress, due to late appointment of service provider, weather conditions, and Community Strike contributed to the project completion delay	SCM unit to ensure appointment of service providers is done timeously, the appointment process is regularly monitored and efficient, PMU to monitor the progress on projects on a regular basis to ensure timeous completion in the next financial year.




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		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
IDP- MIG funding-Capital Project  PMU-Sanitation  Multi-Year Project from 2017/2018 to 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	460 households upgraded	Impact	Number of Households upgraded (Phase D) with Sewer in Ikageng Proper (Ward 14) by June 2019	664 Households upgraded (Phase D) with Sewer in Ikageng Proper (Ward 14) by June 2019	N/A	296 Households upgraded (Phase D) with Sewer in Ikageng Proper (Ward 14) by June 2019	R 4 500 000.00  Vote Number: 070500060060	N/A	R4 302 974 .15	<div><div></div></div> 61%	182 Households upgraded (phase D) with Sewer in Ikageng Proper (Ward 14 by June 2019	When the contractor started on site the HH were still an estimation, whereby upon investigation of all manholes/junction boxes was able to determine the actual 253 HH to be serviced. Underperformance is at the result of late delivery of supplier material.	Municipality to grant permission to extend contract duration for completion of the project in the 2019/2020

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		2016/2017	2017/2018		Key Performanc e Indicator	Annual Performanc e Target	Adjuste d KPI	Adjuste d Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditur e	Achieve ment	Actual Performanc e	Challenges	Remedial Action
IDP-MIG Funding-Capital Project  PMU-Sanitation  Multi-Year Project from 2017/2018 to 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Impact	% of Designs on construction of Sewer Reticulation in Ikageng Ext (Ward 26) by June 2019	100% of Designs on construction of Sewer Reticulation in Ikageng Ext 13 by Dec 2018	KPI to be Remove d from the SDBIP, as designs complete d date was in Feb 2018, budget allocated was for settling the outstandi ng payment to the service provider	Target Remove d	R1 405 310.00  Vote Number: 07050060002	N/A	R1 405 307.39	N/A	N/A	None	None
IDP- MIG funding-Capital Project  PMU-Water  Multi-Year Project from 2017/2018 to 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	Designs Completed	Impact	Number of Households upgraded with Bulk Water Supply in Boikhutso (Ward 32) by June 2019	100% of 878 Households constructed with Bulk Water Supply in Boikhutso (Ward 32) by June 2019	Number of households upgrade d with bulk water reticulate d in Boikhuts o (Ward 32) by 30 June 2019	352 of househo lds upgrade d with bulk water reticulat ed in Boikhuts o (Ward 32) by 30 June 2019	R 10 000 000.00  Vote Number: 070736030000	N/A	R8 974 838.96	<div><div></div></div> 0%	0.00 households upgraded with bulk water reticulated in Boikhutso (Ward 32) by 30 June 2019	Project is at 30% construction progress, due late appointmen t of the Contractor.	This is the multiyear project, contractor to accelerate construction to achieve by completion date as planned in the next financial year.

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		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
IDP-MIG Funding-Capital Project  PMU-Water  Multi-Year Project from 2017/2018 to 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Impact	% of Designs of upgraded with Bulk Water Supply in Goedgevonden (Ward 31) by Dec 2018	100% of Designs of upgraded with Bulk Water Supply in Goedgevonden (Ward 31) by Dec 2018	KPI to be Removed from the SDBIP, Designs are completed by Nov 2016 Budget allocated was for outstanding payment.	Target Removed	R1 500 000.00  Vote Number: 070736030001	N/A	R1 493 555.57	N/A	N/A	None	None
IDP-RBIG Funding-Capital Project  PMU-Water  Multi-Year Project from 2017/2018 to 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	Phase 1 completed	80% 5.6Km Construction Progress	Impact	% of Slip lining Extension Millimetre Asbestos Pipeline constructed in Tokwe Region (Ward 6, 8, 11, 23, 25) by June 2019	20% of 7km Slip lining Extension 600Mm Asbestos Pipeline constructed in Tokwe Region (Ward 6, 8, 11, 23, 25) by June 2019	Number of Kilometres of Slip lining Extension Asbestos Pipeline constructed in Ikageng by June 2019	7KM of Slip lining Extension Asbestos Pipeline constructed in Ikageng by June 2019	R 12 386 000.00  Vote Number: 070740000002	N/A	R5 392 787.83	<div><div></div>103%</div>	7.194km of Slip Lining Extension Asbestos Pipeline constructed in Ikageng by June 2019	Increased Measurable Bill,	PMU to improve on planning of measurable items in the next financial year


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		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
IDP-WSIG funding-Capital Project  PMU-Water	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	0%	New Project	Outcome	% Upgraded of the Waste Water Treatment Works in VSD (All Wards) by June 2019	100% of Waste Water Treatment Works Upgraded in VSD (All Wards) in by June 2019	N/A	N/A	R 20 000 000.00  Vote Number: 070740000009	N/A	R20 641 057.29	 100%	100% of Waste Water Treatment Works Upgraded in VSD (All Wards) in by June 2019	None	None
IDP-Internal Funding-Capital Project  PMU-Water	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	0 of 12000 litre water tanker	2017/2018 Project Adjusted to R0.00	Output	Number of 12 000 litre Water Tanker Procured for JB Marks Areas by Dec 2018	1 of 12 000 litre Water Tanker Procured for JB Marks Areas by Dec 2018	N/A	N/A	R 1 000 000.00  Vote Number: 070340000011	N/A	N/A	 0%	0 of 12 000 litre Water Tanker Procured for JB Marks Areas by Dec 2018	Budget Allocated was not sufficient for procurement, as prices have increased	Budget to be based on current market prices or quotations
PMU - Roads and Streetworks	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	2017/2018 Project Adjusted to R0.00	Output	Number of Graders procured for Roads Section in JB Marks Areas by Dec 2018	1 of Graders procured for Roads Section in JB Marks Areas by Dec 2018	N/A	N/A	R2 200 000.00  Vote Number: 070340000010	R3 300 000.00	R3 829 936.70	 100%	1 of Graders procured for Roads Section in JB Marks Areas by Dec 2018	None	None



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		2016/2017	2017/2018		Key Performanc e Indicator	Annual Performanc e Target	Adjuste d KPI	Adjuste d Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditur e	Achieve ment	Actual Performanc e	Challenges
IDP- Internal Funding  PMU-Elec	To Eradicate backlog in order to improve access and ensure proper operation and Maintenanc e	N/A	2017/2018 Project Adjusted to R0.00	Output	Number of Cherry Picker Vehicles for Electricity Section procured for JB Marks LM by Dec 2018	1 Cherry Picker Vehicles for Electricity Section procured for JB Marks LM by Dec 2018	KPI to be removed from the SDBIP, as the KPI was adjusted to R0.00 due to budget constrain t. There will be no amount allocated for 18/19 FY to impleme nt the KPI	Target be removed from the SDBIP	R1 000 000.0 0   <					


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		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
PMU-Internal Funding Water  Roll-Over Project	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	50% Overall Scope construction progress of the project	0Km of Flood Canal constructed in N12 Potchefstroom by June 2018	Outcome	N/A	N/A	Km of Flood Canal constructed in N12 Potchefstroom by June 2019	1.6Km of Flood Canal constructed in N12 Potchefstroom by June 2019	N/A	R 8 000 000.00  Vote Number: 070360000012	R8 353 881.19	 0%	0 Km of Flood Canal constructed in N12 Potchefstroom by June 2019	This is a 2016/2017 projects which was at progress of 50%, and stopped because of financial constraints. The municipality budgeted for it in 2018/2019, but challenge there were two sewer infiltrations on the site, and were fixed by June 2019. 0% construction progress 2018/2019	PMU to submit the report to Council in the next financial year, for recommendation of prioritising the completion of the project. Construction of Flood canal will start in the next financial year




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		2016/2017	2017/2018		Key Performanc e Indicator	Annual Performan ce Target	Adjuste d KPI	Adjuste d Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditur e	Achieve ment	Actual Performanc e	Challenges	Remedial Action
PMU- Internal Funding Road   															







Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performanc e Indicator	Annual Performan ce Target	Adjuste d KPI	Adjuste d Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditur e	Achieve ment	Actual Performanc e	Challenges	Remedial Action
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenanc e	N/A	New Project	Impact	% of 214 houses supplied with electricity service connection in Boikhutso Phase 2 (Ward 32) by June 2019	100% of 214 houses supplied with electricity service connection in Boikhutso Phase 2 (Ward 32) by June 2019	Number of houses supplied with electricity connecti ons in Boikhuts o - Ward 32 by 30 June 2019 (Phase 2)	214 houses supplied with electricit y connecti ons in Boikhuts o by 30 June 2019 (Phase 2)	R 3 317 000.00  Vote Number: 07067105002 4	N/A	R2 520 403 .66	 0%	0 houses supplied with electricity connections in Boikhutso by 30 June 2019 (Phase 2)	Project progress 211 HH installations , but not energised. The contractor could not complete 214 connections as planned because he could not access three houses, as they were not occupied. 99% progress	Project team to Test the installations and handover the project. Municipality will finalise the project in- house in the next financial year, to curb the backlog by Dec 2019




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		2016/2017	2017/2018		Key Performanc e Indicator	Annual Performan ce Target	Adjuste d KPI	Adjuste d Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditur e	Achieve ment	Actual Performanc e	Challenges	Remedial Action
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenanc e	N/A	New Project	Impact	% of 214 houses supplied with electricity service connection in Boikhutson g Phase 2 (Ward 31) by June 2019	100% of 214 Households electrificatio n installed in Boikhutson g Phase 2 (Ward 31) by June 2019	Number of houses supplied with electricity connecti ons in Boikhuts ong - Ward 31 by 30 June 2019 (Phase 2)	214 of houses supplied with electricit y connecti ons in Boikhuts ong - Ward 31 by 30 June 2019 (Phase 2)	R 3 317 000.00  Vote Number: R2 813 973.6 8	N/A	R2 869 901 .28	 16%	30 of houses supplied with electricity connections in Boikhutsong - Ward 31 by 30 June 2019 (Phase 2)	Project progress 184 installations but not energized, during verification of the project on site. 30 Houses connected to the old transformer s for supply of electricity connections .	Project team to Test the installations and handover the project by end Sep 2019
PMU – Electricity  Multi- Year Project  2018/201 9 – 2019/202 0	To Eradicate backlog in order to improve access and ensure proper operation and Maintenanc e	N/A	New Project	Impact	% of 185 houses supplied with electricity service connection in Ikageng Greenfields (Ward 9) by June 2019	100% of 185 houses supplied with electricity service connection in Ikageng Greenfields (Ward 9) by June 2019	Number of househol ds supplied with connecte d with electricity in Ikageng Ext 13, Zakhele by June 2019	670 of househol ds supplied with connect ed with electricit y in Ikageng Ext 13, Zakhele by June 2019	R2 867 500.0 0  Vote Number: 07067000000 5	R10 385 00 0.00	R7 987 048 .29	 0%	0 of households supplied with connected with electricity in Ikageng Ext 13, Zakhele by June 2019	Project progress is at 456 household installations , but not supplied with electricity due to slow construction progress.	PMU to monitor the progress on project on a regular basis to ensure completion in the next financial year.

Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
IDP-INEP Funding-Capital Project  PMU-Elec  Multi-Year Project from 2018/2019 – 2019/2020	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project		Number of houses supplied with electricity service connection in Ikageng Ext 9 Phase 2 (Ward 4,18) by June 2019	100% or 485 Households electrification installed in Ikageng Ext 9 Phase 2 (Ward 4,18) by June 2019	KPI to be removed from the SDBIP	Targets and budget allocated of Households to be redirected to Ext 13, Zakhele, due to project in Ext 9 was completed in the previous financial year	R7 517 500.00	R0.00	N/A	N/A	N/A	None	None
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project		% of 115 houses supplied with electricity service connection in Matlwang (PhalaKgomomo) (Ward 27) by June 2019	100% of 115 houses supplied with electricity service connection in Matlwang (PhalaKgomomo) (Ward 27) by June 2019	Number of houses supplied with electricity connections in Matlwang (PhalaKgomomo) - Ward 27 by 30 June 2019	115 houses supplied with electricity connections in Matlwang (PhalaKgomomo) - Ward 27 by 30 June 2019	R1 897 500.00  Vote Number: 070670000006	N/A	R1 397 644.44	 0%	0 houses supplied with electricity connections in Matlwang (PhalaKgomomo) - Ward 27 by 30 June 2019	75 HH installations , but not energized due Slow Construction Progress, and awaiting Eskom for the connection point.	Contractor to complete connections by Sep 2019; and Municipality awaiting Eskom to allocate connection point for energizing all 115 HH by Dec 2019




Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performanc e Indicator	Annual Performan ce Target	Adjuste d KPI	Adjuste d Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditur e	Achieve ment	Actual Performanc e	Challenges	Remedial Action
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	0 Electricity connections	Impact	N/A	N/A	Number of Houses supplied with electricity connections in Ext 9 (Ward 4 & 18) by June 2019	694 Houses supplied with electricit y connecti ons in Ext 9 (Ward 4 & 18) by June 2019	N/A	R9 601 364 .00  Vote Number: 070680000 009 & 070680000 010	R7 408 302 .16	  72%	505 Houses supplied with electricity connections in Ext 9 (Ward 4 & 18) by June 2019	Slow progress of the construction , 114HH installations but not energized	Contractor to accelerate the progress for the project to complete all 694 HH by Sep 2019
PMU - Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Impact	Number of Households electrificatio n installed in Lindeqesdrift (Ward 2) by June 2019	303 Households electrificatio n installed in Lindeqesdrift (Ward 2) by June 2019	Number of Houses supplied with electricity connecti ons in Rysmier bult by June 2019	303 Houses supplied with electricit y connecti ons in Rysmier bult by June 2019	R 5 000 000.00  Vote Number: 07067000000 8	N/A	R4 372 389 .21	  0%	0 Houses supplied with electricity connections in Rysmierbult by June 2019	255 HH connected but not energized, due slow progress on site.	Contractor to complete connections by Sep 2019; and Municipality awaiting Eskom to allocate connection point for energizing all 303 HH by Dec 2019
PMU – Water  Multi-Year Project	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Impact	% of constructed Water Reticulation in Ikageng Ext 13 (Phase 1) by June 2019	30% constructed Water Reticulation in Ikageng Ext 13 (Phase 1) by June 2019	N/A	N/A	R8 500 000.0 0  Vote Number: 07074003018 6	R6 363 526 .00	R6 212 563 .25	  210%	63% constructed Water Reticulation in Ikageng Ext 13 (Phase 1) by June 2019	Contractor accelerated the construction with his improved efficient methods.	PMU to encourage other service provider to improve their overall performance




Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
PMU – Road  Multi-Year Project from 2018/2019 to 2019/2020	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Outcome	N/A	N/A	% of Designs 7.7Km for new Road rehabilitated in Felophepha by June 2019	100% Designs of 7.7Km for new Road rehabilitated Felophepha by June 2019	N/A	R6 500 000.00  Vote Number: 070340000 020	R 2 987 455.77	 100%	100% Designs of 7.7Km for new Road rehabilitated Felophepha by June 2019	None	None
IDP-MIG Funding-Capital Project  PMU-LED	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	0 Taxi rank, Service providers not yet appointed	40% Construction Progress of the Overall Scope	Impact	% Taxi Rank & Hawkers Stalls constructed in Ikageng Ext 7 Taxi Rank by June 2019	100% Taxi Rank & Hawkers Stalls constructed in Ikageng Ext 7 Taxi Rank by June 2019	Number of taxi rank(s) and hawkers' stalls constructed in Ikageng Ext 7 taxi rank by 30 Mar 2019	1 taxi rank(s) and 10 hawkers' stalls constructed in Ikageng Ext 7 taxi rank by 30 Mar 2019	R3 592 690.00  Vote Number: 07046500000 7	R 7 015 493.00	R6 079 714.00	 100%	1 taxi rank(s) and 10 hawkers' stalls constructed in Ikageng Ext 7 taxi rank by 30 Mar 2019	None	None

Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
IDP- MIG funding-Capital Project  PMU-LED  Multi-Year Project from 2017/2018 – 2020/2021	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	Designs Completed	Output	% Light Industrial Park constructed in Ikageng (Ward 6) by June 2019	40% Light Industrial Park constructed in Ikageng (Ward 6) by June 2019	N/A	N/A	R 12 000 000.00  Vote Number: 070465000008	N/A	R11 375 844.21	 17%	7% Light Industrial Park constructed in Ikageng (Ward 6) by June 2019	Late appointment of Service Providers, Breaking the old existing concrete	Contractor to accelerate and improve efficiency on construction, as this is a multiyear project to be completed by 2020 March
PMU-Disaster Management	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	0 Disaster Management Centre	20% Construction Progress of the Overall Scope	Output	% Disaster Management Centre constructed in Tlokwe (Ward 12) by June 2019	100% Disaster Management Centre constructed in Tlokwe (Ward 12) by June 2019	Number of Disaster Management Centre(s) constructed in Tlokwe (Ward 12) by 30 June 2019	1 Disaster Management Centre(s) constructed in Tlokwe (Ward 12) by 30 June 2019	R11 246 000.00  Vote Number: 070110000001	R14 246 000.00	R5 211 267.61	 0%	0 Disaster Management Centre(s) constructed in Tlokwe (Ward 12) by 30 June 2019	Project is at 40% construction progress by June 2019, Slow progress of construction	Requested intervention of the Municipal Manager. Contractor to accelerate construction in the next financial year


Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
Water Section  Maintenance  National KPI	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	100%	100% Households with Access to basic level of Water in JB Marks LM	Outcome	N/A	N/A	% of 44347 Households with Access to basic level of Water in JB Marks LM by June 2019	100% of 44347 Households with Access to basic level of Water in JB Marks LM by June 2019	OPEX	N/A	OPEX	 103%	103% of 45 826.00 Households with Access to Basic Level of Water in JB Marks LM by June 2019	New connections required and Billing System was corrected, in the Ventersdorp Area for an accurate Households	Municipality is striving for efficiency at all times, and will continue to improve for Financial Viability in the next financial year
Sanitation	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	100%	100% Households with Access to basic level of Sanitation in JB Marks LM by June 2018	Outcome	N/A	N/A	% of 36989 Households with Access to basic level of Sanitation in JB Marks LM by June 2019	100% of 36989 Households with Access to basic level of Sanitation in JB Marks LM by June 2019	OPEX	N/A	OPEX	 100%	100.2% of 37 064.00 Households with Access to Basic Level of Sanitation in JB Marks LM by June 2019	New connections required and Billing System was corrected, in the Ventersdorp Area for an accurate Households	Municipality is striving for efficiency at all times, and will continue to improve for Financial Viability in the next financial year
Electricity	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	100%	100% Households with Access to basic level of Electricity in JB Marks LM by June 2018	Outcome	N/A	N/A	% of 39819 Households with Access to basic level of Electricity in JB Marks LM by June 2019	100% of 39819 Households with Access to basic level of Electricity in JB Marks LM by June 2019	OPEX	N/A	OPEX	 117%	117% of 46 613.00 Households with Access to Basic Level of Electricity in JB Marks LM by June 2019	New connections required and Billing System was corrected, in the Ventersdorp Area for an accurate Households	Municipality is striving for efficiency at all times, and will continue to improve for Financial Viability in the next financial year



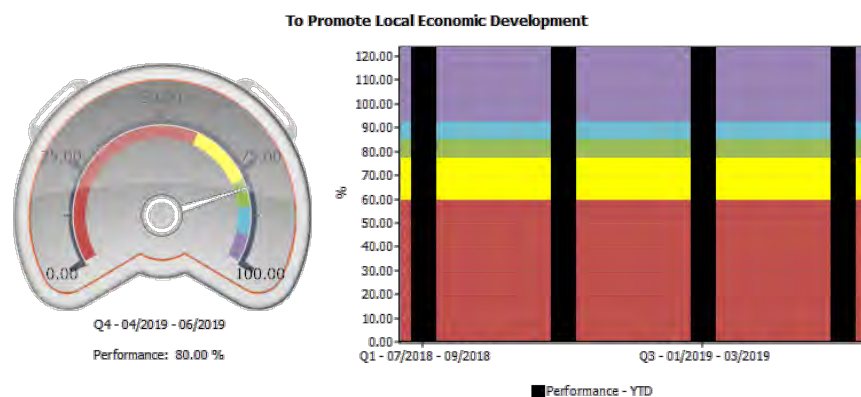
Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
Environmental Management	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	0 Refuse Compactors procured in JB Marks LM by June 2017	0 Refuse Compactors procured in JB Marks LM by June 2018	Outcome	N/A	N/A	Number of Refuse Compactors procured in JB Marks LM by June 2019	6 Refuse Compactors procured in JB Marks LM by June 2019	N/A	R 9 000 000.00  Vote Number: 070480000 001	R10 353 840.54	 100%	6 Refuse Compactors procured in JB Marks LM by June 2019	None	None
Environmental Management	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	100%	100% Households with Access to basic level of Solid Waste Removal in JB Marks LM by June 2018	Outcome	Number of households collected refuse in JB Marks LM Areas by June 2019	64 800 of households collected refuse in JB Marks LM Areas by June 2019	% of 34799 Households with Access to basic level of Solid Waste Removal in JB Marks LM by June 2019	100% of 34799 Households with Access to basic level of Solid Waste Removal in JB Marks LM by June 2019	OPEX	N/A	OPEX	 99.8%	99.8% of 34741 Households with Access to basic level of Solid Waste Removal in JB Marks LM by June 2019	New connections required and Billing System was corrected, in the Ventersdorp Area for an accurate Households	Municipality is striving for efficiency at all times, and will continue to improve for Financial Viability in the next financial year
Museum - Arts, Culture and Heritage	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Impact	Number of Arts Exhibitions for community in JB Marks LM areas by June 2019	10 of Arts Exhibitions for community in JB Marks LM areas by June 2019	N/A	N/A	R 25 000.00  Vote Number: 01028002902 8	N/A	OPEX	 20%	2 of Arts Exhibitions for community in JB Marks LM areas by June 2019	Invitations submitted, but the attendance register not attached as planned POE to confirm the event was conducted.	Officials will adhere to the Standard Operation Procedures in the next financial year

Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
Museum - Arts, Culture and Heritage	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Impact	Number of Cultural Exhibitions for the JB Marks community by June 2019	4 of Cultural Exhibitions for the JB Marks community by June 2019	N/A	N/A	R 25 000.00  Vote Number: 010280029028	N/A	OPEX	 50%	2 of Cultural Exhibitions for the JB Marks community by June 2019	Invitations submitted, but the attendance register not attached as planned POE to confirm the event was conducted.	Improvement on the internal controls for filing all Portfolio of Evidence as planned in the next financial year
Museum - Arts, Culture and Heritage	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Impact	Number of Cultural Outreach programmes for the Community in the JB Marks areas by June 2019	10 Cultural Outreach Programmes for the Community in the JB Marks areas by June 2019	N/A	N/A	R 200 000.00  Vote Number: 010280002190	N/A	R132 044.89	 70%	7 Cultural Outreach Programmes for the Community in the JB Marks areas by June 2019	Invitations submitted, but the attendance register not attached as planned POE to confirm the event was conducted.	Improvement on the internal controls for filing all Portfolio of Evidence as planned in the next financial year
Museum - Arts, Culture and Heritage	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	New Project	Impact	Number of Cultural Capacity Building for the JB Marks Community by June 2019	4 of Cultural Capacity Building for the JB Marks Community by June 2019	N/A	N/A	R 100 000.00  Vote Number: 010280023641	N/A	R121 450.59	 0%	0 of Cultural Capacity Building for the JB Marks Community by June 2019	Invitations submitted, but the attendance register not attached as planned POE to confirm the event was conducted.	Improvement on the internal controls for filing all Portfolio of Evidence as planned in the next financial year

Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
Traffic Services	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	156 Road Safety Awareness Campaigns conducted	Output	Number of traffic road safety awareness campaigns conducted for the Community by June 2019	60 of traffic road safety awareness campaigns conducted for the Community by June 2019	N/A	N/A	R 150 000.00  Vote Number: 010610021865	N/A	R60 000.00	<div><div></div></div> 117%	70 of traffic road safety awareness campaigns conducted for the Community by June 2019	Road traffic safety was Increased because number of road fatality, in the Council	Municipality will continue to improve on the road safety to reduce fatality in the country
Disaster Management	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	30	Output	Number of Disaster Risk Reduction Programmes conducted in JB Marks LM Areas by June 2019	32 of Disaster Risk Reduction Programmes conducted in JB Marks LM Areas by June 2019	N/A	22 Disaster Risk Reduction Programmes conducted by June 2019	R 95 490.00  Vote Number: 010110004020	N/A	R46 800.00	<div><div></div></div> 109%	24 Disaster Risk Reduction Programmes conducted by June 2019	Disaster Management Unit ensured to conduct more programme so that community can be responsive to major incidents	Municipality will continue to improve on conducting disaster programmes to capacitate the community on disaster in the next financial year
Fire Brigade Services	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	100	Output	Number of Fire Safety Inspection conducted JB Marks Areas by June 2019	400 of Fire Safety Inspection conducted JB Marks Areas by June 2019	N/A	100 Fire Safety Inspection conducted JB Marks Areas by June 2019	R70 000.00  Vote Number: 010090004010	N/A	OPEX	<div><div></div></div> 51%	59 Fire Safety Inspection conducted JB Marks Areas by June 2019	Due to protests and service delivery strikes, dept. was reacting to fire emergencies instead of executing daily inspections	Proper planning and there should be improvement in the next financial year

Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
Fire Brigade Services	To Eradicate backlog in order to improve access and ensure proper operation and Maintenance	N/A	33	Output	Number of Fire Safety Awareness Campaigns Conducted for Community by June 2019	32 Fire Safety Awareness Campaigns Conducted for Community by June 2019	N/A	N/A	R 70 000.00	N/A	R4 237.75	 34%	11 Fire Safety Awareness Campaigns Conducted for Community by June 2019		



## KPA 3: Local Economic Development



Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
			Baseline 2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Economic Development	To Create an Environment that Promotes Development of the Economy and Facilitate Job Creation	534	259	Impact	Number of Jobs created through EPWP in the JB Marks LM Areas by June 2019	259 of Jobs created through EPWP in the JB Marks LM Areas by June 2019	N/A	N/A	R 1 947 000.00	N/A		<div><div></div></div> 167%	432 of Jobs created through EPWP in the JB Marks LM Areas by June 2019	The municipality encountered challenges to deliver services to the community, which required more EPWP to be employed, to curb the challenges.	JB Marks strive to improve in all aspects of Service Delivery, and will continue to improve in the next financial year

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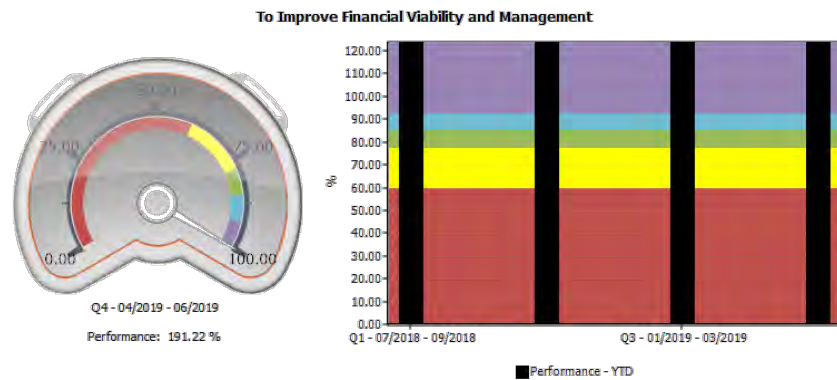
Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
			Baseline 2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Infrastructure	To Create an Environment that Promotes Development of the Economy and Facilitate Job Creation	849	160 Jobs	Impact	Number of Jobs created through Capital Projects in the JB Marks Areas by June 2019	160 of Jobs created through Capital Projects in the JB Marks Areas by June 2019	N/A	N/A	R 0.00	N/A	N/A	<div><div></div></div> 240%	385 of Jobs created through Capital Projects in the JB Marks Areas by June 2019	Reduction of unemployment in the JB Marks LM	The municipality will improve on the increasing of job creation for the JB Marks economy to be increases in the next financial year
Economic Development	To Create an Environment that Promotes Development of the Economy and Facilitate Job Creation	12	12 of Capacity Building for SMME's in the JB Marks Areas by June 2018  (Tourism, Enterprise and Socio-Economic)	Impact	Number of Capacity Building for SMME's in the JB Marks Areas by June 2019  (Tourism, Enterprise and Socio-Economic)	12 of Capacity Building for SMME's in the JB Marks Areas by June 2019  (Tourism, Enterprise and Socio-Economic)	N/A	N/A	R 191 192.00  Vote Number: 010465000290	N/A	R179 915.62	<div><div></div></div> 100%	12 of Capacity Building for SMME's in the JB Marks Areas by June 2019	N/A	N/A

Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
			Baseline 2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Economic Development	To Create an Environment that Promotes Development of the Economy and Facilitate Job Creation	4	4 Exhibition Event held for SMME's in JB Marks LM by June 2018	Impact	Number of Exhibition Events held for the SMME's in the JB Marks LM by June 2019	6 of Exhibition Events held for the SMME's in the JB Marks LM by June 2019	N/A	N/A	R 140 000.00  Vote Number: 010465000414	N/A	R95 080.14	 0%	0 of Exhibition Events held for the SMME's in the JB Marks LM by June 2019	Invitations submitted, but the attendance register not attached as planned POE to confirm the event was conducted.	Improvement on the internal controls for filing all Portfolio of Evidence as planned in the next financial year
Economic Development	To Create an Environment that Promotes Development of the Economy and Facilitate Job Creation	1	1 Tourism Awards Ceremonies in JB Marks LM held by June 2018	Impact	Number of Tourism Awards Ceremonies held in JB Marks LM by June 2019	1 Tourism Awards Ceremonies in JB Marks LM held by June 2019	N/A	N/A	R 280 000.00	N/A	R53 990.87	 100%	1 Tourism Awards Ceremonies in JB Marks LM held by June 2019	N/A	N/A


Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
			Baseline 2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Economic Development	To Create an Environment that Promotes Development of the Economy and Facilitate Job Creation	N/A	4 Awareness programmes held by June 2018		Number of Tourism Awareness Programmes held in JB Marks Community by June 2019	4 of Tourism Awareness Programmes held in JB Marks Community by June 2019						<div><div></div></div> 25%	1 of Tourism Awareness Programmes for the JB Marks Community by June 2019	Tourism Awareness cuts across all events, local, regional, national and international; therefore too date local community and stakeholders were exposed to all possible events. As indicated now that it is more about local events, this Section will adhere to the request.	More Local Tourism Awareness Events will be conducted and other governmental institutions will be invited to participate JB Marks LM.
Economic Development	To Create an Environment that Promotes Development of the Economy and Facilitate Job Creation	N/A	2 Tourism Marketing report by June 2018	Output	Number of Tourism Marketing Reports submitted for JB Marks Areas by June 2019	4 Tourism Marketing Reports submitted for JB Marks Areas by June 2019	Number of World Tourism Marketing Events attended to market JB Marks LM by June 2019	4 World Tourism Marketing Events attended to market JB Marks LM by June 2019	R 20 000.00	N/A	R7 819.00	<div><div></div></div> 100%	4 World Tourism Marketing Events attended to market JB Marks LM by June 2019	N/A	N/A





## KPA 4: Financial Viability and Management



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Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/201 7	2017/201 8		Key Performa nce Indicator	Annual Performanc e Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditu re	Achieveme nt	Actual Performan ce	Challeng es	Remedial Activities
Operational  BTO: Revenue   National KPI	To Improve Overall Financial Managemen t in Municipaliti es by Developing and Implementi ng Appropriate Financial Managemen t Policies, Procedures and Systems	N/A	0%	Process	% Debt coverage ratio by June 2019	% Debt coverage ratio by June 2019  <u>B - C</u>  A = D  <u>Total Operating Revenue Received – Operating Grants</u>  A =Debt Service payment <u>Norm</u>  <i>The norm is equal to or greater than 0%</i>	% Debt coverage ratio in JB Marks LM by June 2019	0% Debt coverage ratio in JB Marks LM by June 2019	OPEX	N/A	OPEX	 100%	0% Debt coverage ratio in JB Marks LM by June 2019	N/A	N/A



Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Operational  BTO: Revenue  National KPI	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	N/A	33%	Process	% Outstanding Service Debtors to Revenue ratio for 2016/2017 by June 2019	% Outstanding Service Debtors to Revenue ratio for 2016/2017 by June 2019  <u>B</u> A = C  <u>Total outstanding Service Debtors</u>  A=  Annual Revenue Actually received for services <b>Norm</b> <b>The norm is 95%</b>	% Outstanding Service Debtors to Revenue ratio for 2018/2019 in JB Marks LM by June 2019	50% Outstanding Service Debtors to Revenue ratio for 2018/2019 in JB Marks LM by June 2019	OPEX	N/A	OPEX	 87%	43.56% Outstanding Service Debtors to Revenue ratio for 2018/2019 in JB Marks LM by June 2019	Ventersdor collection rate has not improved to date	Municipality to conduct awareness campaigns in the next financial year

Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Operational  BTO: Budget  National KPI	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	N/A	1%	Process	% Cost coverage ratio for 2016/2017 by June 2019	% Cost coverage ratio for 2016/2017 by June 2019  $A = \frac{B+C}{D}$ <u>Available Cash at bank + Investments</u>  A=Monthly Fixed Operating Expenditure  <b>Norm The norm range between 1 month to 3 months</b>	% Cost coverage ratio for 2018/2019 in JB Marks LM by June 2019	2% Cost coverage ratio for 2018/2019 in JB Marks LM by June 2019	OPEX	N/A	OPEX	 114%	2.28% Cost coverage ratio for 2018/2019 in JB Marks LM by June 2019	N/A	N/A

Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Revenue	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	N/A	R1 532 343 000.00 and 97%	Process	R and % revenue collection in the JB Marks LM by June 2019	R1 512 772 000.00 and 100% revenue collection in JB Marks Local Municipality by June 2019	N/A	N/A	R 1 536 052.00	N/A	OPEX	<div><div></div></div> 19%	R294 885 836.00 and 88.33% revenue collection in JB Marks Local Municipality by June 2019	Ventersdor collection rate has not improved to date	Municipality to conduct awareness campaigns in the next financial year
Operational: Revenue  National KPI	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	N/A	R43 701 171.00	Process	% of R spend on Free Basic Services in JB Marks LM by June 2019	100% of R74 241 000 .00 and spend on Free Basic Services in JB Marks LM by June 2017	% of households earning less than R1 100 per month with access to Free Basic Services in JB Marks LM by June 2019	100% of 13048 households earning less than R1 100 per month with access to Free Basic Services in JB Marks LM by June 2019	R 74 241 000.00	N/A	OPEX	<div><div></div></div> 100%	100% of 13048 households earning less than R1 100 per month with access to Free Basic Services in JB Marks LM by June 2019	13048 total registered . R71 931.96 Spent on Indigents	N/A

Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Operational: Valuations	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	0%	0% Outdated Valuation Report	Process	% of 2018-2019 Progress of General Revaluation of Properties in the JB Marks LM Areas by June 2019	100% of 2018-2019 Progress of General Revaluation of Properties in the JB Marks LM Areas by June 2019	N/A	N/A	R 50 000.00	N/A	OPEX	<div><div></div></div> 100%	100% of 2018-2019 Progress of General Revaluation of Properties in the JB Marks LM Areas by June 2019	N/A	N/A
Operational: SCM	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	N/A	0.00% Contract Management Register	Process	% of Managing the contract Register of Council and informing relevant departments of expiry dates of contracts within 4 months of expiry of the contract by June 2019	100% Managing the contract Register of Council and informing relevant departments of expiry dates of contracts within 4 months of expiry of the contract by June 2019	N/A	N/A	OPEX	N/A	OPEX	<div><div></div></div> 0%	0% Managing the contract Register of Council and informing relevant departments of expiry dates of contracts within 4 months of expiry of the contract by June 2019	Contract Management register developed , which has not being managed as per the KPI due to staff capacity	SCM to improve on managing the contract management register as required in the next financial year

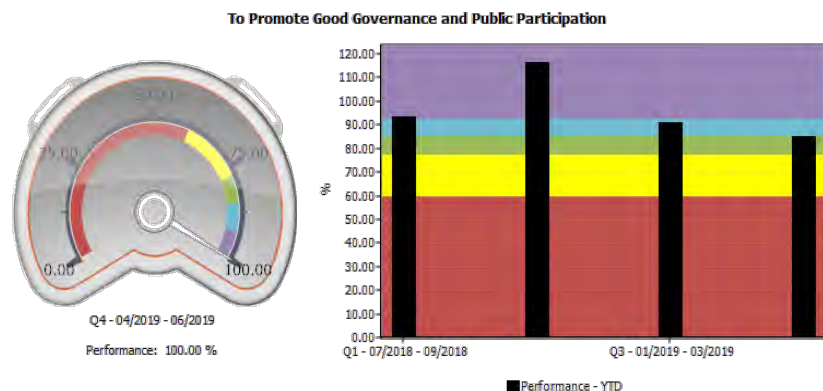
Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/201 7	2017/201 8		Key Performa nce Indicator	Annual Performanc e Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditu re	Achieveme nt	Actual Performan ce	Challeng es	Remedial Activities
Operation al: SCM	To Improve Overall Financial Managem ent in Municipali ties by Developing and Implem enting Appropriate Financial Managem ent Policies, Procedures and Systems	N/A	100% Procurem ent Plan develope d	Process	% of Developed and Monitored Procurem ent Plan in JB Marks by Dec 2018	100% of Developed and Monitored Procurement Plan in JB Marks by Dec 2018	N/A	N/A	OPEX	N/A	OPEX	<div><div></div></div> 100%	100% of Developed and Monitored Procureme nt Plan in JB Marks by Dec 2018	N/A	N/A
Corporate Services: SDF	To Improve Overall Financial Managem ent in Municipali ties by Developing and Implem enting Appropriate Financial Managem ent Policies, Procedures and Systems	N/A	100%	Process	% and R value of budget spent on implem enting workplace skills plan in JB Marks LM by June 2019	100% and R1 500 000. 00 of budget spent on implem entin g workplace skills plan in JB Marks LM by June 2019	N/A	N/A	(R 1 500 000.00 )	N/A	R 1 612 640. 04	<div><div></div></div> 107%	107% and R1 612 640 .04 of budget spent on implem enting workplace skills plan in JB Marks LM by June 2019	There was a demand on Skill implem entation for the JB Marks Employee s and Communit ies	The skill audit will be conducte d and improve on capacitati ng employee s and communit y in the next financial year

Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Operational: Registration Authority	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	N/A	R8 505 106.55	Process	% of R value income collected from Vehicle registration and Licensing/renewals which is 20% on all vehicle income, minus 15% VAT on commission in JB Marks LM by June 2019	100% R8 488 000 income collected from Vehicle registration and Licensing/renewals which is 20% on all vehicle income, minus 15% VAT on commission in JB Marks LM by June 2019	N/A	N/A	(R 8 488 000.00)	N/A	OPEX	 125%	125% R10 646 409.51 income collected from Vehicle registration and Licensing/renewals which is 20% on all vehicle income, minus 15% VAT on commission in JB Marks LM by June 2019	Province has increased tariffs, which has impact on our budget	Cost analysis and projection considering the difference in the provincial and municipal financial, for proper planning in the next financial
Testing Station	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	N/A	R5 263 475.00	Process	% of R value collected for drivers licence in JB Marks LM by June 2019	100% of R5 690 648.00 value collected for drivers licence in JB Marks LM by June 2019	N/A	N/A	(5 690 648)	N/A	OPEX	 72%	72% of R4 085 954.00 value collected for drivers licence in JB Marks LM by June 2019	Budget and Indicator is not realistic because is as and when from the public's demand, the department does not have power over this indicator	To create more public awareness, and take service to the people in the next financial year









Function al Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Testing Station	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	N/A	R595 012 .00	Process	% of R value collected for roadworthy centres in JB Marks LM by June 2019	100% R590 000 value collected for roadworthy centres in JB Marks LM by June 2019	N/A	N/A	(R 590 000.00)	N/A	OPEX	<div><div></div></div> 105%	105% R623 456.00 value collected for roadworthy centres in JB Marks LM by June 2019	The municipality conducted free roadworthy services, for the community of JB Marks	The municipality intend to increase on conducting the free roadworthy services to reduce the road fatality in the next financial year
Traffic Services	To Improve Overall Financial Management in Municipalities by Developing and Implementing Appropriate Financial Management Policies, Procedures and Systems	N/A	R7 949 344.00	Process	% of R value collected for Traffic Fines in JB Marks LM by June 2019	100% of R115 550 540 value collected for Traffic Fines in JB Marks LM by June 2019	N/A	N/A	(115 550 540 )	N/A	OPEX	<div><div></div></div> 5%	5% of R5 468 351 .00 value collected for Traffic Fines in JB Marks LM by June 2019	Service provider not assisting the municipality on following up on collection of overdue traffic fines, the municipality jurisdiction expanded however total number of officer reduced	Municipal court to be functioning by Oct 2019

## KPA 5: Good Governance and Public Participation













Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
MM - Risk Management	To Promote a Culture of Participation and Good Governance	N/A	0 Strategic Risk Assessment conducted in JB Marks LM by June 2018	Output	Number of Strategic Risk assessment conducted in JB Marks LM by Dec 2018	1 Strategic Risk Assessment conducted in JB Marks LM by Dec 2018	N/A	N/A	OPEX	N/A	OPEX	100%	1 Strategic Risk Assessment conducted in JB Marks LM by Dec 2018	None	None
MM - Risk Management	To Promote a Culture of Participation and Good Governance	N/A	0 Operational Risk Assessment conducted in JB Marks LM by June 2018	Output	Number of Operational Risk Assessment conducted in JB Marks LM by Dec 2018	1 Operational Risk Assessment conducted in JB Marks LM by Dec 2018	N/A	N/A	OPEX	N/A	OPEX	100%	1 Operational Risk Assessment conducted in JB Marks LM by Dec 2018	None	None




Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
MM - Risk Management	To Promote a Culture of Participation and Good Governance	N/A	0 Fraud and Corruption Risk Register developed for JB Marks by June 2018	Output	Number of Fraud and Corruption Risk Register developed for JB Marks by Dec 2018	1 Fraud and Corruption Risk Register developed for JB Marks by Dec 2018	N/A	N/A	OPEX	N/A	OPEX	 100%	1 Fraud and Corruption Risk Register developed for JB Marks by Dec 2018	None	None
MM - Risk Management	To Promote a Culture of Participation and Good Governance	N/A	0 Risk Register Reviewed in JB Marks by Mar 2019	Output	Number of Risk Registers Reviewed in JB Marks by Mar 2019  (Strategic, Operational and Fraud and Corruption Risk Registers)	3 Risk Register Reviewed in JB Marks by Mar 2019  (Strategic, Operational and Fraud and Corruption Risk Registers)	N/A	N/A	OPEX	N/A	OPEX	 100%	3 Risk Register Reviewed in JB Marks by Mar 2019  (Strategic, Operational and Fraud and Corruption Risk Registers)	None	None
MM - Risk Management	To Promote a Culture of Participation and Good Governance	N/A	0 of Fraud and Corruption Risk Awareness conducted in JB Marks by June 2018	Output	Number of Fraud and Corruption Risk Awareness conducted in JB Marks by Mar 2019	1 of Fraud and Corruption Risk Awareness conducted in JB Marks by Mar 2019	N/A	N/A	OPEX	N/A	OPEX	 100%	0 of Fraud and Corruption Risk Awareness conducted in JB Marks by Mar 2019	None	None
MM - Risk Management	To Promote a Culture of Participation and Good Governance	N/A	0 of Risk Management Plan submitted to Council by June 2018		Number of Risk Management Plan submitted to Council by Dec 2018	1 of Risk Management Plan submitted to Council by Dec 2018	N/A	N/A	OPEX	N/A	OPEX	 100%	1 of Risk Management Plan submitted to Council by Dec 2018	None	None





Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
MM - Risk Management	To Promote a Culture of Participation and Good Governance	N/A	0 of Risk Management Policies and Strategies submitted to Council by Dec 2018	Output	Number of Risk Management Policies and Strategies submitted to Council by Dec 2018  (Risk Management Charter, Anti-Fraud and Corruption Policy, Fraud and Corruption Prevention Plan, Risk Management Policy and Framework, Risk Management Strategy, Whistle Blowing Policy, Ethics Policy, and Public Sector Risk Management Framework)	8 of Risk Management Policies and Strategies submitted to Council by Dec 2018	N/A	N/A	OPEX	N/A	OPEX	 100%	8 of Risk Management Policies and Strategies submitted to Council by Dec 2018	None	None
MM - Internal Audit	To Promote a Culture of Participation and Good Governance	2	1 progress report on Post Audit Action Plan submitted to AC by June 2018	Output	Number of progress report on Post Audit Action Plan submitted to AC by June 2019	4 progress report on Post Audit Action Plan submitted to AC by June 2019	N/A	N/A	OPEX	N/A	OPEX	 75%	3 progress report on Post Audit Action Plan submitted to AC by June 2019		

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Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
MM - Internal Audit	To Promote a Culture of Participation and Good Governance	4	2 Audit Committee Reports submitted to Council by June 2018	Output	Number of AC reports submitted to Council by June 2019	4 Audit Committee Reports submitted to Council by June 2019	N/A	N/A	OPEX	N/A	OPEX	 100%	4 Audit Committee Reports submitted to Council by June 2019	None	None
MM - Internal Audit	To Promote a Culture of Participation and Good Governance	4			Number of Internal Audit reports submitted to AC June 2019	4 Internal Audit reports submitted to AC June 2019	N/A	N/A	OPEX	N/A		 75%	3 Internal Audit reports submitted to AC June 2019		
MM - Internal Audit	To Promote a Culture of Participation and Good Governance	2	2 of Charters submitted to Council for approval by Sep 2017	Output	Number of Charters submitted to Council for approval by Sep 2018 (Audit Committee and Internal Audit Charters)	2 of Charters submitted to Council for approval by Sep 2018 (Audit Committee and Internal Audit Charters)	N/A	N/A	OPEX	N/A	OPEX	 0%	0 of Charters submitted to Council for approval by Sep 2018	No amendment to Charter approved in Jan 2018 was required	Any changes required will be submitted in the 4th quarter
Office of the Mayor	To Promote a Culture of Participation and Good Governance	1	2 Mayoral Izimbizo conducted in JB Marks Areas by June 2018	Output	Number of Mayoral Izimbizo conducted in JB Marks Areas by June 2019	2 Mayoral Izimbizo conducted in JB Marks Areas by June 2019	N/A	N/A	R 500 000.00	N/A	R 867 934.00	 150%	3 Mayoral Izimbizo conducted in JB Marks Areas by June 2019		
Office of the Mayor	To Promote a Culture of Participation and Good Governance	1	1 of Mandela Day Event hosted in J/b Marks LM by July 2017	Output	Number of Mandela Day Event hosted in J/b Marks LM by July 2018	1 of Mandela Day Event hosted in J/b Marks LM by July 2018	N/A	N/A	R 250 000.00	N/A	R 74 625.00	 100%	1 of Mandela Day Event hosted in J/b Marks LM by July 2018	None	None

Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
Office of the Mayor	To Promote a Culture of Participation and Good Governance	98	104 of Community Participation Meetings Conducted in All Wards by June 2019	Output	Number of Community Participation Meetings Conducted in All Wards by June 2019	68 of Community Participation Meetings Conducted in All Wards by June 2019	N/A	20 of Community Participation Meetings Conducted in All Wards by June 2019	R 600 000.00	N/A		 40%	8 Community Participation Meetings Conducted in All Wards by June 2019		
Corporate Services	To Promote a Culture of Participation and Good Governance	12	15 Council Meetings held by June 2018	Output	Number of Council Meetings to be held in JB Marks LM by June 2019	4 of Council Meetings to be held in JB Marks LM by June 2019	N/A	N/A	OPEX	N/A	OPEX	 325%	13 of Council Meetings to be held by June 2019	JB Marks LM Council holds meeting to oversee that all Legislation obligations are adhered to	The Municipality will keep on striving to improve services of the Marks of Excellence
Corporate Services	To Promote a Culture of Participation and Good Governance	6	11 Section 79 Committee Meetings held	Output	Number of Section 79 Committee Meetings to be held in JB Marks LM by June 2019	12 Section 79 Committee Meeting to be held in JB Marks LM by June 2019	N/A	N/A	OPEX	N/A	OPEX	 66%	8 Section 79 Committee Meeting to be held in JB Marks LM by June 2019		
Corporate Services	To Promote a Culture of Participation and Good Governance	9	5 Mayoral Committee meetings held	Output	Number of Mayoral Committee Meetings to be held in JB Marks LM by June 2018	4 Mayoral Committee Meetings to be held in JB Marks LM by June 2018	N/A	N/A	OPEX	N/A	OPEX	 150%	6 Mayoral Committee Meetings to be held in JB Marks LM by June 2018	JB Marks LM Council holds meeting to oversee that all Legislation obligations are adhered to	The Municipality will keep on striving to improve services of the Marks of Excellence
Office of the Speaker	To Promote a Culture of Participation and Good Governance			Output	Number of Ward Committee meetings in JB Marks region held by June 2019	408 Ward Committee meetings held in JB Marks Region by June 2019	N/A	12 Ward Committee meetings held in JB Marks Region by June 2019	OPEX	N/A	OPEX	 25%	3 Ward Committee meetings held in JB Marks Region by June 2019		

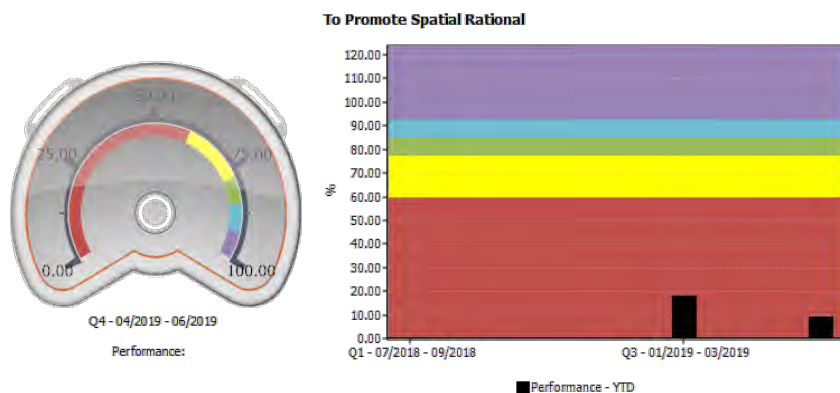
Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
MM	To Promote a Culture of Participation and Good Governance	2017/2018 process plan in place	2018/2019 IDP, Budget, and PMS Process Plan tabled by Council by 25 Aug 2017 (C87/2017-08-25)	Output	2019/2020 IDP, BUDGET and PMS Process Plan tabled by Council by Aug 2018	2019/2020 IDP, BUDGET and PMS Process Plan tabled by Council by Aug 2018	N/A	N/A	OPEX	N/A	OPEX	 100%	2019/2020 IDP, BUDGET and PMS Process Plan tabled by Council by Aug 2018	None	None
MM - IDP	To Promote a Culture of Participation and Good Governance		2017 – 2022 IDP tabled by 30/05/2017 (SPC1/2017-05-30)	Output	2019/2020 IDP Reviewed tabled by Council by 31 May 2019	2019/2020 IDP Reviewed tabled by Council by 31 May 2019	N/A	N/A	OPEX	N/A	OPEX	 0%	2019/2020 IDP Reviewed tabled by Council by 21 June 2019	2019/2020 Budget was tabled by 21 June 2019, due to interrupted public participation meetings.	Letter was submitted to MEC, to request extension for tabling.
MM - CFO	To Promote a Culture of Participation and Good Governance	2017/2018 Budget tabled by 29 May 2016	2018/2019 Budget tabled by Council on the 30/05/2017 (SPC19/2017-05-30)	Output	2019/2020 Annual Budget tabled by Council by 31 May 2019	2019/2020 Annual Budget tabled by Council by 31 May 2019	N/A	N/A	OPEX	N/A	OPEX	 0%	2019/2020 Annual Budget tabled by Council by 21 June 2019	2019/2020 Budget was tabled by 21 June 2019, due to interrupted public participation meetings.	Letter was submitted to MEC, to request extension for tabling.

Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
MM	To Promote a Culture of Participation and Good Governance	Mid year report tabled by Council 2016/2017	Mid-Year Budget was tabled by 23 Jan 2018 (C15/2018-01-23) and Mid-Year Performance Assessment was adopted by 27 Mar 2018 (C38/2018-03-27)	Output	2018/2019 Mid Term Budget and Performance Assessment Report adopted by Council by Jan 2019	2018/2019 Mid Term Budget and Performance Assessment Report adopted by Council by Jan 2019	N/A	N/A	OPEX	N/A	OPEX	 100%	2018/2019 Mid Term Budget and Performance Assessment Report adopted by Council by Jan 2019	None	None
MM - CFO	To Promote a Culture of Participation and Good Governance	2016/2017 Adjustment tabled by Council	2017/2018 Adjustment Budget was tabled by 27-02-2018 (C24/2018-02-27)	Output	2018/2019 Adjustment Budget approved by Council by Feb 2019	2018/2019 Adjustment Budget approved by Council by Feb 2019	N/A	N/A	OPEX	N/A	OPEX	 100%	2018/2019 Adjustment Budget approved by Council by Feb 2019	None	None
MM - PMS	To Promote a Culture of Participation and Good Governance	2018/2019 SDBIP Final approved by the Mayor	2019/2020 Final SDBIP approved by Mayor by 28 June 2018	Output	2019/2020 final SDBIP approved by Mayor by 28 June 2019	2019/2020 Final SDBIP approved by Mayor by 28 June 2019	N/A	N/A	OPEX	N/A	OPEX	 100%	2019/2020 Final SDBIP approved by Mayor by 28 June 2019	None	None
MM - PMS	To Promote a Culture of Participation and Good Governance	2015/2016 APR for Erstwhile Tlokwe and VSD submitted to AG Aug 2016	2016/2017 Annual Performance Report was submitted to AG by 31 Aug 2017	Output	2017/2018 Annual Performance Report submitted to AGSA by Aug 2018	2017/2018 Annual Performance Report submitted to AGSA by Aug 2018	N/A	N/A	OPEX	N/A	OPEX	 100%	2017/2018 Annual Performance Report submitted to AGSA by Aug 2018	None	None



Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Year Under Review 2018/2019										
		2016/2017	2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Activities
MM - PMS	To Promote a Culture of Participation and Good Governance	2015/2016 Erstwhile Tlokwe and VSD Audited Reports tabled by Council	2016/2017 Audited Annual Report tabled by 31 Jan 2018 (C19/2018-01-31)	Output	Audited 2017/2018 Annual Report tabled before Council by Jan 2019	Audited 2017/2018 Annual Report tabled before Council by Jan 2019	N/A	N/A	OPEX	N/A	OPEX	 100%	Audited 2017/2018 Annual Report tabled before Council by Jan 2019	None	None
BOT	To Promote a Culture of Participation and Good Governance	2016/2017 AFS submitted to AG by 31 Aug 2016	2017/2018 Annual Financial Statement submitted to AG by 31 Aug 2017	Output	2017/2018 Financial statement submitted to AG by 31 August 2018	2017/2018 Financial statement submitted to AG by Aug 2018	N/A	N/A	OPEX	N/A	OPEX	 100%	2017/2018 Financial statement submitted to AG by Aug 2018	None	None
MPAC Office	To Promote a Culture of Participation and Good Governance		2016/2017 Oversight report not tabled	Output	2017/2018 Oversight report tabled by Council by March 2019	2017/2018 Oversight report tabled to Council by March 2019	N/A	N/A	OPEX	N/A	OPEX	 0%	No Oversight Reports Tabled to Council by June 2019	None	None
MPAC Office	To Promote a Culture of Participation and Good Governance		2016/2017 Oversight and 40 Annual Reports not submitted to Provincial Legislature and MEC of Local Government by June 2018	Output	2017/2018 Oversight and 40 Annual reports submitted (Provincial legislature and MEC of Local Government) by April 2019	2017/2018 Oversight and 40 Annual reports submitted (Provincial legislature and MEC of Local Government) by April 2019	N/A	N/A	OPEX	N/A	OPEX	 0%	No 2017 / 2018 Oversight Report and 40 Annual Reports Submitted by June 2019	None	None

## KPA 6: Spatial Rational



Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Under Review 2018/2019										
			Baseline 2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
Infrastructure - Housing Development	Improve the Quantity and Quality of Basic Services for All People in terms of Water, Sanitation, Electricity, Waste Management, Road and Disaster Management	N/A	New Project	Output	N/A	N/A	% of Development of the Draft Spatial Planning and Land Use Management By Law for JB Marks LM by June 2019	100% Development of the Draft Spatial Planning and Land Use Management By Law for JB Marks LM by April 2019	N/A	OPEX	OPEX	<div><div></div></div> 0%	0% Development of the Draft Spatial Planning and Land Use Management By Law for JB Marks LM by April 2019	Delay on supply chain processes	SCM processes to be accelerated in the next financial year

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Functional Area	Strategic Objective	Previous Financial Year		KPI Type	Financial Under Review 2018/2019										
			Baseline 2017/2018		Key Performance Indicator	Annual Performance Target	Adjusted KPI	Adjusted Target	Original Annual Budget	Adjusted Budget	Actual Budget Expenditure	Achievement	Actual Performance	Challenges	Remedial Action
Infrastructure - Housing Development	Improve the Quantity and Quality of Basic Services for All People in terms of Water, Sanitation, Electricity, Waste Management, Road and Disaster Management	N/A	New Project	Output	N/A	N/A	Number of applications for Township Establishment in JB Marks LM by June 2019	6 Application for Town Establishment in JB Marks LM by June 2019	N/A	OPEX	OPEX	<div><div></div></div> 0%	0 Application for Town Establishment in JB Marks LM by June 2019	4 Proposed Township establishment to be applications for approval to Municipal Council	Municipality to submit the application to Council for approval by end of Sep 2019
Infrastructure - Housing Development	Improve the Quantity and Quality of Basic Services for All People in terms of Water, Sanitation, Electricity, Waste Management, Road and Disaster Management	N/A	New Project	Output	N/A	N/A	Number of applications for the amendments of the Land Use Management Scheme (Rezoning) in JB Marks LM by June 2019	22 applications for the amendments of the Land Use Management Scheme (Rezoning) in JB Marks LM by June 2019	N/A	OPEX	OPEX	<div><div></div></div> 159%	35 applications for the amendments of the Land Use Management Scheme (Rezoning) in JB Marks LM by June 2019	The demand from the community, which municipality will service and increase on revenue collection	Municipality to improve and conduct awareness campaign for the community by next financial year

NUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2018/2019 FINANCIAL YEAR											
Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent				Assessment comments
DEPARTMENT : TECHNICAL SERVICES INFRASTRUCTURE							Q 1	Q2	Q3	Q4	
Upgrading of paved road in Promosa Extension 3 with construction of Storm Water Systems	KGANTSA DEVELOPERS PROJECTS JV MPKS TRADING & AGRICULTURAL PROJECTS CC	MIG	23/10/2017	23/05/2018	6 Months	N/A	4	4	4	4	
Upgrading of paved road in Promosa Extension 3 with construction of Storm Water Systems - Professional services	Makhurumula Itlhabanele Business Projects	MIG	23/10/2017	23/05/2018	6 Months	N/A	4	4	4	4	
Construction of Appeldraai Internal Road Development	MC BEE TRADING	MIG	18/10/2017	18/04/2018	5 Months	N/A	4	4	4	4	It was extended due to the strike at the site
Construction of Appeldraai Internal Road Development	Pule Ramasimong Development Consultancy	MIG	18/10/2017	18/04/2018	5 Months	N/A	4	4	4	4	It was extended due to the strike at the site
electricity REGULATION 32 APPOINTMENT OF ENERGY EFFICIENCY & DEMAND SIDE MANAGEMENT COMPANY TO	BASIA CONSULTING					N/A					

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IMPLEMENT THE MUNICIPALITY'S ENERGY EFFICIENCY & DEMAND SIDE PROGRAMME FOR THE 2017/2018 FINANCAL YR											
IKAGENG PROPER UPGRADE SEWER PHASE D	RATLHOGO CONSTRUCTION & PROJECTS	MIG	16/10/2017	16/03/2018	5 Months	N/A	4	4	4	4	
IKAGENG PROPER UPGRADE SEWER PHASE D	FHP Consultant	MIG	16/10/2017	16/03/2018	5 Months	N/A	4	4	4	4	
Upgrading of Sarafina Stadium	Khoisan Roads Cc	MIG	17/02/2017	17/08/2017	7 Months	N/A					The Actual amount increased because of the variation order of R8 490 773,98
Upgrading of Sarafina Stadium	Khoisan Roads Cc	MIG	17/02/2017	17/08/2017	7 Months	N/A					The Actual amount increased because of the variation order of R8 490 773,98
						N/A					
Upgrading of Sewer Network in Ikageng (Top City)	Malapane Property Service and Developers	MIG	30/10/2017	10/05/2018	7 Months	N/A	4	4	4	4	
Upgrading of Sewer Network in Ikageng (Top City)	Moedi Consulting Engineers	MIG	30/10/2017	10/05/2018	7 Months	N/A	4	4	4	4	

Promosa Extension 4 Pump Station and Main Outfall Sewer	Batalala Construction	MIG	03/02/2016	02/10/2016	8 Months	N/A	2	2	2	2	Project on hold due to suspicions that there are explosives in that place
Promosa Extension 4 Pump Station and Main Outfall Sewer	Dikgabo Consulting Engineers	MIG	03/02/2016	02/10/2016	8 Months	N/A	2	2	2	2	Project on hold due to suspicions that there are explosives in that place
Construction of Roads & Storm Water at Ikageng Ext 7 Phase 1		MIG				N/A					Due to financial constraints for the 2017/18 financial year only the drafting of the designs and tender document is to take place. The project will be implemented in 2018/19 financial year
Construction of Roads & Storm Water at Toevlug Phase 1	Tlotlathago Plant Hire and Transport	MIG	21/08/2017	31/03/2018	6 Months	N/A	5	5	5	5	
Construction of Roads & Storm Water at Toevlug Phase 1	Phatwe Consulting Engineers	MIG	21/08/2017	31/03/2018	6 Months	N/A	5	5	5	5	
Construction of Boikhutso Village Bulk Water Supply		MIG				N/A					ONLY CONSULTANTS
Construction of Boikhutso Village Bulk Water Supply	Korone Engineers	MIG				N/A					ONLY CONSULTANTS

Construction of Rysmierbult Village Bulk Water Supply	Bhekuangel jy Kwhaza	MIG	21/02/2018	24/08/2018	6 Months	N/A	4	4	4	4	
Construction of Rysmierbult Village Bulk Water Supply	Korone Engineers		21/02/2018	24/08/2018	6 Months	N/A	4	4	4	4	
Ikageng Proper Sewer Upgrade	shwings Construction	MIG	11/11/2016	28/03/2017	4 Months	N/A	4	4	4	4	
Ikageng Proper Sewer Upgrade	FHP Consultant	MIG	11/11/2016	28/03/2017	4 Months	N/A	4	4	4	4	
Ikageng Extension 11 Water Reticulation (Erven 15581, 16653)	shwings Construction	MIG	19/05/2016	30/11/2016	6 Months	N/A	2	2	2	2	it is not problem of the contractor, it is the Municipality's Responsibility to remove the shacks
Ikageng Extension 11 Water Reticulation (Erven 15581, 16653)	King & Associates Eng and Projects Managers	MIG	19/05/2016	30/11/2016	6 Months	N/A	2	2	2	2	it is not problem of the contractor, it is the Municipality's Responsibility to remove the shacks
Ikageng Extension 6 Water (Erven 10569, 10857, 10580, 105858)	Casnan Civils	MIG	19/05/2016	19/11/2016	6 Months	N/A	2	2	2	2	The resumed on the 25 April 2018
Ikageng Extension 6 Water (Erven 10569, 10857, 10580, 105858)	Mtema Mashao Consulting Engineers	MIG	19/05/2016	19/11/2016	6 Months	N/A	2	2	2	2	The resumed on the 25 April 2018
Bulk Water Supply - Boikhutsong	HP Pelatona	MIG	18/11/2016	28/07/2017	8 Months	N/A	5	5	5	5	

Bulk Water Supply - Boikhutsong	Korone Engineers	MIG	18/11/2016	28/07/2017	8 Months	N/A	5	5	5	5	
Construction of 300 VIP Toilets at Boikhutsong Village	Andiswa Consulting	MIG	01/11/2016	17/04/2017	6 Months	N/A	1	1	1	1	Had challenge with Sub-Contractors
Construction of 300 VIP Toilets at Boikhutsong Village	Kitso Botlhale Consulting Engineers	MIG	01/11/2016	17/04/2017	6 Months	N/A	1	1	1	1	Had challenge with Sub-Contractors
Construction of 100 VIP Toilets at Ga-Mogopa Village	Sir God Projects and Development	MIG	09/11/2017	06/03/2018	3 Months	N/A	4	4	4	4	Project delayed due weather conditions and slow progress of the sub-Contractors
Construction of 100 VIP Toilets at Ga-Mogopa Village	Kitso Botlhale Consulting Engineers	MIG	09/11/2017	06/03/2018	3 Months	N/A	4	4	4	4	Project delayed due weather conditions and slow progress of the sub-Contractors
Construction of 340 VIP Toilets at Goedgevonden Village	shwings Construction	MIG	09/11/2017	21/05/2018	6 Months	N/A	5	5	5	5	
Construction of 340 VIP Toilets at Goedgevonden Village	Kitso Botlhale Consulting Engineers	MIG	09/11/2017	21/05/2018	6 Months	N/A	5	5	5	5	
Construction of 100 VIP Toilets at Boikhutsong Village - Phase 2	Exxaro Const	MIG	09/11/2017	06/03/2018	3 Months	N/A	4	4	4	4	Project delayed due weather conditions and slow progress of the sub-Contractors
Construction of 100 VIP Toilets at Boikhutsong Village - Phase 2	Kitso Botlhale Consulting Engineers	MIG	09/11/2017	06/03/2018	3 Months	N/A	4	4	4	4	Project delayed due weather conditions and slow progress of the sub-Contractors



Construction of 240 VIP Toilets at Welgevonden Village	Ratlhogo Construction and Projects jv Mercycon	MIG	09/11/2017	19/04/2018	5 Months	N/A	4	4	4	4	Project delayed due weather conditions and slow progress of the sub-Contractors
Construction of 240 VIP Toilets at Welgevonden Village	Kitso Bothale Consulting Engineers	MIG	09/11/2017	19/04/2018	5 Months	N/A	4	4	4	4	Project delayed due weather conditions and slow progress of the sub-Contractors
Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent				Assessment comments
DEPARTMENT : INFRASTRUCTURE ( HUMAN SETTLEMENT)							Q 1	Q 2	Q 3	Q4	
Supply and delivery of sedan vehicles, light and heavy commercial vehicles(4X4)	WESTVAAL					N/A					
Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assesment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent-				Assesment comments
DEPARTMENT : DISASTER MANAGEMENT							Q1	Q 2	Q 3	Q 4	
Upgrading Disaster management. UPGRADING BUILDING	BAAITHAPI GENERAL MAINTENANCE SERVICES	INTERNAL	23/09/2017	01/11/2017	1 Months	N/A					
Construction of North West 405 Disaster Management Centre	Tshikamotha Trading and Training	MIG	20/02/2018	31/05/2019	15 Months	N/A	2	2	2	2	

Construction of North West 405 Disaster Management Centre	Mhiduve Pty Ltd	MIG	20/02/2018	31/05/2019	15 Months	N/A	2	2	2	2	
Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assesment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent-				Assesment comments
DEPARTMENT: LED							Q1	Q2	Q3	Q4	
Construction of Ikageng Extension 7 Taxi Rank & Hawkerstalls	ALS BEE	MIG	26/02/2018	07/12/2018	9 Months		4	4	4	4	
Construction of Ikageng Extension 7 Taxi Rank & Hawkerstalls	BMH Africa Consulting Engineers	MIG	26/02/2018	07/12/2018	9 Months		4	4	4	4	
Light Industrial Park in Ikageng	YES	MIG									ONLY CONSULTANTS
Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assesment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent-				Assesment comments
DEPARTMENT : COMMUNITY SERVICE							Q1	Q2	Q3	Q4	
HOSKING STREET CEMETERY - PHASE 2	FULLER CIVILS JV ATLEGA CIVILS										
Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assesment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent-				Assesment comments

DEPARTMENT : SERVICE (ENVIRONMENTAL)							Q1	Q 2	Q 3	Q 4	
Supply and delivery of sedan vehicles, light and heavy commercial vehicles(3 TON TRUCK WITH CANOPY)	TOYOTA - HINO										

## ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019.

### INTRODUCTION

In terms of section 166 2 [b] of the Local Government: Municipal Finance Management Act, No. 56 of 2003 the Audit Committee is required to report in the Annual Report of the Municipality on their perception of the overall control environment and whether or not they consider that the Annual Financial statements should be accepted by the Council.

### TERMS OF REFERENCE

The Audit Committee has adopted appropriate terms of reference which are encapsulated in an Audit Committee charter, approved by Council. The Committee has approved an Internal Audit charter which regulates the operations of the Internal Audit unit.

The Audit Committee has contributed to the maintenance of effective corporate governance within JB Marks Local Municipality during the financial year under review. The Assistant Director: Internal Audit reports operationally to the Audit Committee.

The members of the Audit Committee during the period under review were:

<u>Member</u>	<u>Position</u>
Mr. HB Mathibela	Chairman
Ms. P Mangoma	Member
Mr. S P Simelane	Member
Mr. M I Motala	Member

The Audit Committee convened regularly during the financial year as is set out in the following table:

<u>Date</u>	<u>Mr. B Mathibela</u>	<u>Ms. P Mangoma</u>	<u>Mr. S P Simelane</u>	<u>Mr. M I Motala</u>
29/08/2018	<input type="checkbox"/>	<input type="checkbox"/>	Apology	<input type="checkbox"/>
19/09/2018	<input type="checkbox"/>	Apology	Apology	<input type="checkbox"/>
18/10/2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29/11/2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Apology
<u>Date</u>	<u>Mr. B Mathibela</u>	<u>Ms. P Mangoma</u>	<u>Mr. S P Simelane</u>	<u>Mr. M I Motala</u>

10/12/2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Apology
23/01/2019	<input type="checkbox"/>	<input type="checkbox"/>	Apology	<input type="checkbox"/>
21/05/2019	<input type="checkbox"/>	Apology	<input type="checkbox"/>	<input type="checkbox"/>

### **EFFECTIVENESS OF INTERNAL CONTROL**

The Audit Committee reviewed reports from the Internal Audit Unit in terms of the approved audit plan. Based on our evaluation of the work of the Internal Audit Unit as well as feedback received from both Management and the Office of the Auditor-General, the Committee is of the opinion that, despite the fact that a generally sound system of internal control existed during the year under review, certain control weaknesses identified still require to be addressed by management, specifically in the areas of monitoring, review and reconciliations.

Notwithstanding the above, it is acknowledged that management has been pro-active in dealing with internal control issues during the period under review and the situation continues to improve.

### **RISK MANAGEMENT AND LOSS CONTROL**

A risk assessment exercise was performed during the year under review and certain additional work in this regard was undertaken by management. While this provides a platform for the management of risk within the Municipality it is considered that this process still needs to be further developed, and to this end, the committee reports that principles of effective risk management still require to be championed by Management and become embedded within the organizational culture.

### **PERFORMANCE MANAGEMENT**

The Audit Committee reports that a performance management system has been approved by Council and that measurements against this system have been performed.

The Committee has considered the performance reports and concludes that while progress has been made from prior years, specifically in the determination of indicators and the measurement thereof, compliance to the Local Government: Municipal Performance regulations for Municipal Managers and Managers directly accountable to Municipal Managers was not achieved, as performance evaluation of senior managers was not performed during the year under review. The Committee is therefore of the opinion that the performance management system was not fully functional during the period under review and this has resulted in the Council and stakeholders not being in a position to accurately measure the performance of the municipality against predetermined and agreed targets as required by legislation.

### **EVALUATION OF FINANCIAL STATEMENTS**

The Audit Committee has:

- reviewed the audited annual financial statements; and
- reviewed the Auditor-General's Report and management's responses thereto.

The findings of the Committee in this regard will be tabled in a separate report to the Council Oversight Committee.

The Committee accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General.

### **APPRECIATION**

The Committee expresses its sincere appreciation to the Executive Mayor, Council, Municipal Manager, Management and officials for their unwavering support and interest in the activities of the Committee during the year under review. The support and advice of the Business Executive of the Provincial Office of the Auditor – General, Mr. Success Marota and his staff is also acknowledged as are the untiring efforts of my committee members in furthering the cause of effective corporate governance and sound accountability within the JB Marks Local Municipality.

HB Mathibela

Chairperson of the Audit Committee

## List of Acronyms

AC	Audit Committee
AG	Auditor-General
CBP	Central Business District
CBD	Community Based Plan
CC	Council Committee
CPA	Community Property Association
DORA	Division of Revenue Act
DWA	Department of Water Affairs
EECF	Employment Equity Consultative Forum
EPWP	Extended Public Works Programme
GIS	Geographic Information System
IDP	Integrated Development Plan
INEP	Integrated National Electrification Program
LLF	Local Labour Forum
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MIG	Municipal Infrastructure Grant
MFMA	Municipal Financial Management Act
MSA	Municipal Systems Act
OHS	Occupational Health Safety
PAC	Performance Audit Committee
PGDS	Provincial Government Development Sector
PMS	Performance Management System
POE	Portfolio of Evidence
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDBIP	Service Delivery and Implementation Plan
SETA	Sector Education and Training Authority
SMME	Small, Medium and Micro Enterprises
WPSP	Work Place Skills Plan
WWTP	Waste Water Treatment Plan
AR	Annual Report
MPAC	Municipal Public Accounts Committee
DLG&HS	Department of Local Government and Human Settlement

# *Chapter 4*









# Chapter 4

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

JB Marks Local Municipality consists of Six directorates which are as follows:-

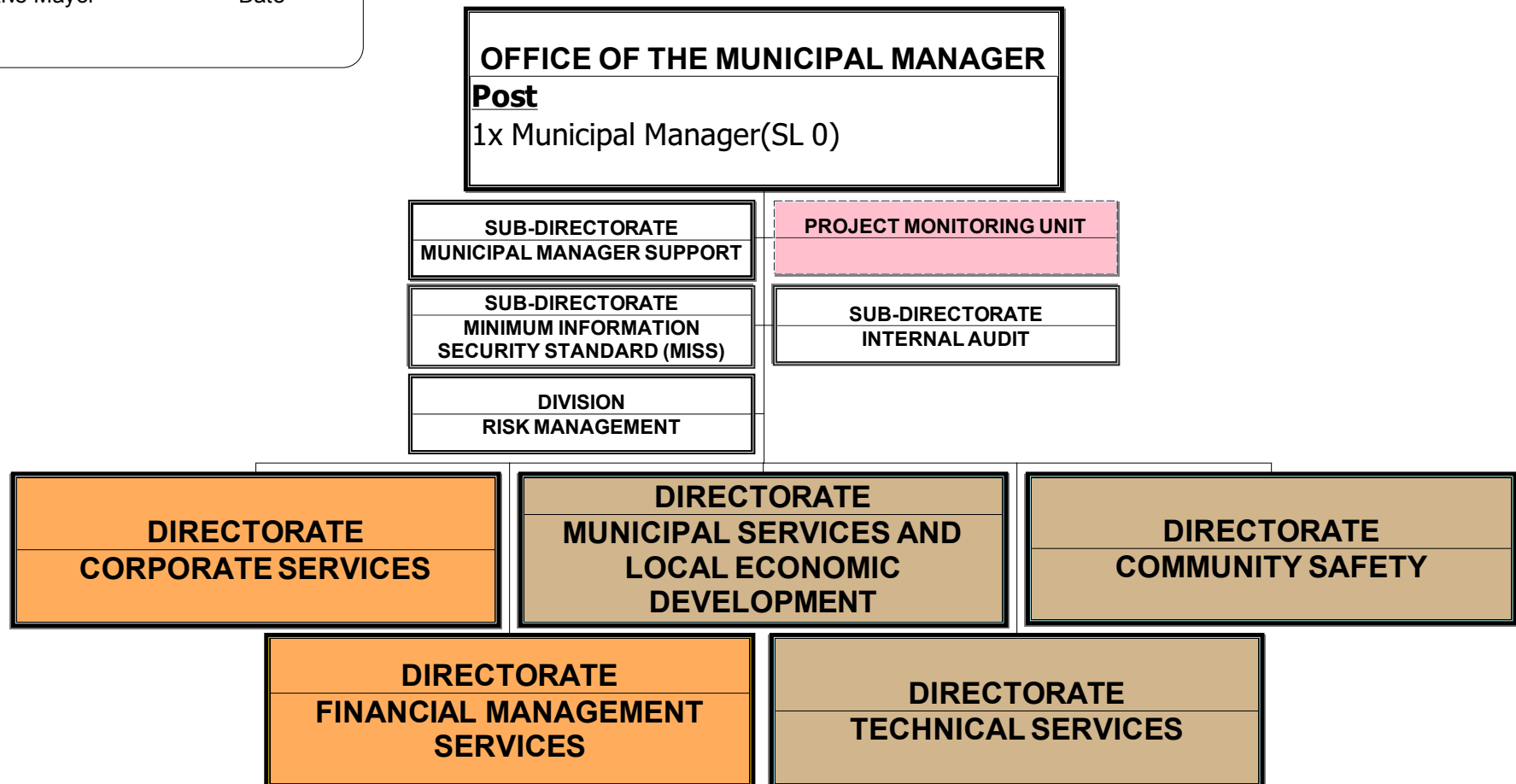
-  Municipal Manager
-  Technical Services
-  Corporate Services
-  Community Safety
-  Financial Management Services
-  Municipal Service and LED

The Structure was approved with a staff complements of **1576** posts. Of which **1202** is filled and **374** vacancies.

The Municipality's top structure is as follows:-

# Organizational Structure of North West 405 Municipality

_____	_____
Municipal Manager	Date
_____	_____
Executive Mayor	Date



## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

EMPLOYEES OF THE JB MARKS LOCAL MUNICIPALITY					
Description	2017/2018	2018 / 2019			
	Employees No.	Approved Posts 1	Employees No.	Vacancies No.	Vacancies %
Municipal Manager	0	1	1	0	0%
Directors	3	5	4	1	20%
Secretaries	7	7	7	0	0%
Office of the Mayor, Speaker & Single Whip	16	31	15	16	52%
PMS	2	3	2	1	33%
HR	23	36	22	14	39%
Administration of Corporate Service	113	135	112	23	17%
Land Development & Property Right	6	9	5	4	44%
Revenue	46	58	43	15	26%
Expenditure	16	18	16	2	11%
Budgeting	3	6	2	4	67%
Electrical and Mechanical Services	105	133	102	31	23%
Water Services	68	91	67	24	26%
Waste Water (Sanitation) Services	42	64	38	26	41%
Roads and Storm-water Drainage	67	80	67	13	16%
Solid Waste Management Services	140	155	134	21	14%
Libraries	33	47	32	15	32%
Fire and Disaster Management	54	109	79	30	28%
Licensing Services	42	52	41	11	21%
Cemeteries,Parks and Amenities	160	201	151	50	25%
Sport ,Arts & Culture	80	90	77	13	14%
IDP	3	4	3	1	25%
Administration Technical Services	12	16	11	5	31%
Planning (Town-Planning, Quality Assurance,Building Control and PMU)	14	16	14	2	13%
Human Settlement	8	11	7	4	36%
Local Economic Development	17	22	16	6	27%
Security (MISS)	2	3	2	1	33%
Traffic LicensingService	69	122	99	23	19%
Internal Audit & Risk	3	5	3	2	40%
Administration of Municipal Service	1	4	3	1	25%
Water Quality Monitoring	5	7	6	1	14%
Administration of Community Safety	5	6	6	0	0%
SCM and Transport Management	21	29	15	14	48%
TOTAL	1186	1576	1202	374	24%
TEMPORARY EMPLOYEES			124	124	
GRAND TOTAL	1186	1576	1326	250	16%

TURN-OVER RATE			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-Over Rate
2016/2017	10	29	18%
<b>2017/2018</b>	<b>121</b>	<b>65</b>	
<b>2018/2019</b>	<b>11</b>	<b>57</b>	

<b>VACANCY RATE 2018/2019</b>			
<b>Designations</b>	<b>Total Approved Posts No.</b>	<b>Vacancies (Total time that vacancies exist using fulltime equivalents) No.</b>	<b>Vacancies (as a proportion of total posts in each category) %</b>
Municipal Manager	1	0	0%
CFO	1	0	0%
Other Section 57 Managers (excluding Finance Posts)	4	1	25%
Safety and Security	3	1	33%
Fire Fighters	47	18	38%
Senior Management: Level 1-3 (excluding Finance Posts)	29	6	21%
Senior Management: Level 1-3 (Finance posts)	5	2	40%
Highly Skilled Supervision: Level 4-6 Excluding Finance Posts)	108	39	36%
Highly Skilled Supervision: Level 4 6 (Finance Posts)	22	11	50%
<b>Total</b>	<b>220</b>	<b>78</b>	<b>35%</b>

#### COMMENTS ON VACANCIES AND TURNOVER

#### THE STATUS OF THE SECTION 56 & 57 MANAGERS IS AS FOLLOWS:-

<b>POSITION</b>	<b>FILLED / VACANT</b>
Municipal Manager	FILLED
Director Corporate Services	FILLED
Chief Financial Officer	FILLED
Director Municipal Service and LED	FILLED BY DIRECTOR SPORTS, ARTS AND CULTURE
Director Technical Services	VACANT
Director Community Safety	FILLED

#### COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

##### 4.2 POLICIES

The current workforce is at **1326** employees (1202 Permanent Employees, 124 Temporary Employees)

The Municipality has developed policies that Councillors was work shopped and adopted. The process is incomplete.

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

NUMBER OF DAYS AND COST OF INJURIES ON DUTY 2018/2019				
Type of injury	Injury leave taken	Employees using injury leave	Proportion employees using sick leave	Average injury leave per employee Days
Required basic medical attention only	14	1	0.61%	14
Temporary total disablement	9	1	0.61%	9
Permanent disablement	0	0	0%	0
Fatal	0	0	0%	0
<b>Total</b>	<b>23</b>			<b>23</b>

NUMBER OF DAYS OF SICK LEAVE (EXCLUDING INJURIES ON DUTY) 2018/2019								
Job Level	Salary Band	Total Number of Sick Leave Days Per Post Level	Portion of Sick Leave without Medical Certificate	Number of No Sick Notes Received	Number of Employees using Sick Leave	Total Employees in Post	Average Days sick leave per employee	Estimated Cost
		DAYS	%	DAYS	NO	NO	DAYS	R'000
	MM/S56 Managers	8	25%	2	2	5	4	
1	Senior	0	0%	0	0	0	0	
2	Management	0	0%	0	0	0	0	
3		108	10%	11	17	28	6	
4	Highly Skilled Supervision	50	12%	6	11	23	5	
5		85	6%	5	12	18	7	
6		721	7%	20	25	45	11	
7	Highly Skilled production	106	4%	4	13	24	8	
8		441	19%	85	44	66	10	
9		536	20%	108	94	129	6	
10	Skilled	267	18%	47	52	75	5	
11		536	31%	166	50	52	11	
12		290	15%	43	57	86	5	
13		73	32%	23	3	3	24	
14		297	19%	55	37	65	8	
15		331	35%	115	28	41	12	
16	Lower Skilled	39	13%	5	4	15	10	
17		412	3%	13	40	53	10	
18		2000	9%	188	249	505	8	
19		0	0%	0	0	58	0	
<b>Total</b>		<b>5850</b>	<b>15%</b>	<b>986</b>	<b>738</b>	<b>1291</b>	<b>150</b>	

## LABOUR RELATIONS: NUMBER AND PERIOD OF SUSPENSIONS 2018/2019

EMPLOYEE	NATURE OF DISPUTE	EMPLOYER REPRESENTATIVE	OUTCOME	DATE	Date Finalised
G.B.M Sebetlele (PB4898) (Finance)	Alleged Gross Misconduct	<u>Presiding officer:</u> E.P.M Modiakgotla <u>Prosecutor:</u> G. Makamu	Matter was referred to disciplinary hearing.	22 June – 15 November 2018	Progress on cases
F.C Mostert (PB4624) (Finance)	Alleged Gross Misconduct	<u>Presiding officer:</u> E.P.M Modiakgotla <u>Prosecutor:</u> G. Makamu	Matter was referred to disciplinary hearing.	22 June – 15 November 2018	Disciplinary hearing pending finalisation
M. Delpont (PB4619) (Finance)	Alleged Gross Misconduct	<u>Presiding officer:</u> E.P.M Modiakgotla <u>Prosecutor:</u> G. Makamu	Matter was referred to disciplinary hearing.	22 June – 15 November 2018	Disciplinary hearing pending finalisation
M.D Villiers (100314) (Finance)	Alleged Gross Misconduct	<u>Presiding officer:</u> M. Grimbeek <u>Prosecutor:</u> G. Makamu	Matter was referred to disciplinary hearing.	12 July – 15 November 2018	Disciplinary hearing pending finalisation
E.P.F Makhene (PB0182) (Corporate Services)	Alleged Gross Misconduct	<u>Presiding officer:</u> M. Grimbeek <u>Prosecutor:</u> G. Makamu	Matter was referred to disciplinary hearing.	July – 15 November 2018	Disciplinary hearing pending finalisation
D.I Semase (PB5494) (Fire Department)	Alleged Gross Misconduct	<u>Presiding officer:</u> R.M Sterkse <u>Prosecutor:</u> M. Botsheleng	Matter was referred to disciplinary hearing.	August - 15 November 2018	Disciplinary hearing pending finalisation
J.H Chauke (PB5310) (License Department)	Alleged Gross Misconduct	<u>Presiding officer:</u> R.M Sterkse <u>Prosecutor:</u> E.P.M Maunye	Matter was referred to disciplinary hearing.	August - 15 November 2018	Disciplinary hearing verdict pending

### DISCIPLINARY ACTION TAKEN ON CASE OF FINANCIAL MISCONDUCT

#### 4.4. PERFORMANCE REWARDS

##### PERFORMANCE REWARDS BY GENDER

In accordance with regulation 32, a performance bonus, based on affordability may be paid to employee, after-

1. The annual report for the financial year under review has been tabled and adopted by the municipal council
2. An evaluation of performance in accordance with the provision of regulation 23; and
3. Approval of such evaluation by the municipal council as a reward for outstanding performance.

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance.

No performance bonus was awarded to Section 56 and 57 Manager because performance assessment report will serve before council in the next financial year.

## **COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

### **INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

The JB Marks Local Municipality has a Skills Development policy that is approved to ensure that all employees are capacitated and empowered with the necessary information on training and development, which provides all incumbents access to relevant, prioritized training interventions that are needs-driven and are aligned to business objectives by optimally developing the potential of employee.

The Municipality in compliance with the MSA and MFMA has also approved the Supply Chain Management Policy which outlines all procedure to be followed in implementing the Human Resources capacity to a level that enables them to perform their functions and exercises their power in an economical, effective, efficient and accountable way.

The improvements are to be made to ensure all training needs are aligned with the operational objectives of the municipality. Comprehensive approach in addressing the skills gaps, identified to ensure all employees are competent to perform their functions and are able to exercise their powers in an economical, effective, efficient, and accountable way.

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX														
Management Level	Gender	No. of Employees in post as at 30 June 2019	Number of skilled employees required and actual as at 30 June 2019											
			Learnership			Skills programmes & other courses			Other forms of training			Total		
			Actual end of 2018/2019	Actual end of 2018/2019	2019 Target	Actual end of 2018/2019	Actual end of 2018/2019	2019 Target	Actual End of 2018/2019	Actual end of 2018/2019	2019 Target	Actual end of 2018/2019	Actual end of 2018/2019	2019 Target
MM and S56	Male	3	0	0	0	1	1	2	0	0	0	1	0	2
	Female	1	0	0	0	0	0	0	0	0	0	0	0	0
Councillors, senior officials and managers	Male	42	0	0	15	8	9	15	0	0	0	8	9	30
	Female	26	0	0	15	2	3	20	0	0	0	2	3	35
Technicians and associate professionals	Male	193	4	9	60	12	17	60	0	0	0	16	26	120
	Female	88	2	7	40	11	14	40	0	0	0	13	21	80
Professionals	Male	26	4	6	10	3	6	15	0	0	0	7	12	25
	Female	23	3	5	10	4	3	15	0	0	0	7	8	35
Semi-skilled	Male	141	7	9	30	4	8	15	0	0	0	11	17	45
	Female	63	6	8	20	5	5	15	0	0	0	11	13	35
Unskilled	Male	431	5	7	110	18	17	30	0	0	0	23	24	140
	Female	149	2	7	60	12	16	40	0	0	0	14	23	100
Subtotal	Male	836	20	31	230	46	58	162	0	0	0	66	71	392
	Female	350	15	27	145	34	41	130	0	0	0	52	59	250
<b>Total</b>		<b>1186</b>	<b>35</b>	<b>58</b>	<b>375</b>	<b>80</b>	<b>99</b>	<b>292</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>118</b>	<b>120</b>	<b>642</b>
Registered with professional associates body e.g. CA (SA)														



<b>FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT 2018/2019</b>						
<b>Description</b>	<b>A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))</b>	<b>B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))</b>	<b>Consolidated Total of A and B</b>	<b>Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))</b>	<b>Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))</b>	<b>Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))</b>
<b>Financial Official</b>						
<i>Accounting Officer</i>	1	0	1	1	1	1
<i>CFO</i>	1	0	1	1	1	1
<i>Senior Managers</i>	4	0	4	4	4	4
<i>Any other Financial officials</i>	6	0	6	6	6	6
<b>Supply Chain Management Officials</b>						
<i>Head SCM</i>	1	0	1	1	0	1
<i>SCM Senior Manager</i>	2	0	2	2	2	2
<b>TOTAL</b>	<b>15</b>	<b>0</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<i>This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations June 2007</i>						

SKILLS DEVELOPMENT EXPENDITURE										
Management Level	Gender	Employees as at 1 June 2019 No.	Original Budget and Actual Expenditure on Skills development 2018/2019							
			Learner ships		Skills programmes and short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
			Submitted Declaration of Interest for 15 Learnerships. Budget on these programmes determined by LGSETA through their discretionary funding.	For 2018/2019 financial year only 11 Learnerships were approved. Funding and appointment of service providers were done by LGSETA. Service providers were paid directly by LGSETA	300 000 allocated for Internal Bursary Fund;	200 000 spent on Internal Bursary Fund	0	0	1 500 000 Allocated	1 500 000 Spent
MM and Directors	Male	3					0	0		
	Female	2					0	0		
Senior Officials and Managers	Male	32					0	0		
	Female	26					0	0		
Professionals	Male	10					0	0		
	Female	9			0	0				
Technicians and associate professionals	Male	93			0	0				
	Female	39			0	0				
Clerks	Male	91			0	0				
	Female	106			0	0				
Service and Sales Workers	Male	134			0	0				
	Female	62			0	0				
Plant and Machine operators and assemblers	Male	82			0	0				
	Female	39			0	0				
Elementary occupations	Male	352			0	0				
	Female	122			0	0				
					0	0				
Subtotal	Male	797			0	0				
	Female	405			0	0				
Total		1202			0	0				
“R value of municipal salaries (original budget) allocated for workplace skills plan.										

## 4.6 EMPLOYEE EXPENDITURE

### UPGRADED POSTS

Number of employees whose salaries were increased due to their positions being upgraded	0
Employees whose salary levels exceed the grade determined by job evaluation	0
Employees appointed to posts not approved	0

### DISCLOSURES OF FINANCIAL INTERESTS

In terms of the requirements of PMS Regulations, 805 of 2006 disclosures are made by officials and councilors concerning their financial interests. See Appendix J.

## COMPONENT E: OVERSIGHT REPORTING

### 4.7 STAFF ESTABLISHMENT

STAFF ESTABLISHMENT	
Does JB Marks Local Municipality have an approved staff establishment?	Yes an organizational structure was approved on 06 December 2016 (C66/2016-12-06) and the Final Structure was approved on 30 May 2017. (SPC 1/ 2017 05 )(SPC 19 / 2017 05 with the IDP & Budget.
Does the staff established provided for permanent or fixed posts?	Permanent and Fixed. Fixed posts are for the Section 56 and Section 57 appointments. All other posts are permanent post.
If yes, provide details of the approved senior manager posts (permanent and fixed posts).	Municipal Manager Director Corporate Services Director Community Safety Director Financial Services Director Infrastructure Services Director Community Services and LED
Was the staff establishment consulted with the MEC before approval by Council?	No
If no, provide reasons	
Were the recommendations of the MEC incorporated into the approved structure?	No
If no, provide reasons.	

#### 4.8. APPOINTMENT OF SENIOR MANAGERS 2018/2019

<b>APPOINTMENT OF MUNICIPAL MANAGER AND SENIOR MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER</b>							
Post Title	Annual Salary	Term of Employment		Highest Qualifications	Was the senior manager subjected to competence assessment?	Does the senior manager hold political office?	Does the senior manager have a misconduct / criminal record?
		From	To				
Municipal Manager	R802 448	2014-06-01	2018-06-30	PHD IN PHILOSOPHY	NO	NO	NO
Director Finance	R1 535 999	2018-01-02	2022-12-31	Bcom Honours Masters in Business Admin	YES	NO	NO
Director Community Services and LED	R1 259 671	2014-04-01	2018-03-30	B.A. HUMAN RESOURCES MANAGEMENT AND PSYCHOLOGY, NATIONAL DIPLOMA IN FORESTRY	NO	NO	NO
Director Infrastructure Services	R381 416	2013-08-01	2018-09-30	BTECH CIVIL ENGINEERING	NO	NO	NO
Director Corporate Service	R457 909	2013-12-10	2017-12-09	BA HONOURS IN GOVERNANCE & MANAGEMENT	NO	NO	NO
Director Municipal Safety	R460 342	2014-03-15	2018-03-31	BTECH IN TRANSPORT MANAGEMENT	NO	NO	NO

#### 4.9 EMPLOYMENT CONTRACTS

<b>EMPLOYMENT CONTRACTS FOR MUNICIPAL MANAGER AND SENIOR MANAGER DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER</b>		
Post Title	Has the senior manager signed the employment contract with the municipality before commencement of duty	Has the contract been submitted to the MEC within the prescribed timeframe?
Municipal Manager	YES	YES
Director Finance	YES	N/A
Director Community Services and LED (Director Sports, Arts and Culture)	YES	YES
Director Infrastructure Services	YES	YES
Director Corporate Service	YES	YES
Director Community Safety	YES	YES

#### 4.10 PERFORMANCE AGREEMENTS

<b>STAFF ESTABLISHMENT (SECTION 56 EMPLOYEE)</b>					
<b>Post Title</b>	<b>Has the senior manager concluded a performance agreement with the municipality within the stipulated timeframe?</b>	<b>Has the performance agreement been submitted to the MEC within the prescribed timeframe?</b>	<b>Is the performance agreement aligned to the SDBIP of the municipality?</b>	<b>Is the SDBIP aligned to the IDP of the municipality ?</b>	<b>Did the senior manager receive a performance bonus for the previous year?</b>
<b>Municipal Manager</b>	YES	YES	YES	YES	NO
<b>Director Finance</b>	YES	YES	YES	YES	NO
<b>Municipal Services and LED</b>	YES	YES	YES	YES	NO
<b>Director Infrastructure Services</b>	YES	YES	YES	YES	NO
<b>Director Corporate Service</b>	YES	YES	YES	YES	NO
<b>Director Community Safety</b>	YES	YES	YES	YES	NO

#### COMMENT ON PERFORMANCE AGREEMENT

Performance Bonus for Section 57 and 56 Managers has not being awarded from 2015/2016 to 2018/2019.

#### 4.11 MINIMUM COMPETENCY REQUIREMENTS

MINIMUM COMPETENCY LEVELS FOR THE MUNICIPAL MANAGER AND THE DIRECTOR FINANCIAL SERVICES					
DESCRIPTION	REQUIREMENTS		DESCRIPTION	REQUIREMENTS	DIRECTOR FINANCIAL SERVICES
Higher Education Qualification	At least NQF Level 6 or Certificate in Municipal Financial Management		Highest Education Qualification	At least NQF Level 6 in fields of Accounting, Finance or Economics or Certificate in Municipal Financial Management	B.Com Degree
Work Related Experience	Minimum 5 years at Senior Management Level	<input type="checkbox"/>	Work Related Experience	Minimum 5 years at Senior Management Level	<input type="checkbox"/>
Leading and Core Competencies	As described in the Local Government Competency Framework for Senior Managers, 17 January 2014		Leading and Core Competencies	As described in the Local Government Competency Framework for Senior Managers, 17 January 2014	
Financial and Supply Chain Management Competency Areas:- <ul style="list-style-type: none"> <li>- Strategic Leadership and Management</li> <li>- Strategic Financial Management</li> <li>- Operational Financial Management</li> <li>- Governance, Ethics and Values in Financial Management</li> <li>- Financial and Performance Reporting</li> <li>- Risk and Change Management</li> <li>- Legislation, Policy and Implementation</li> <li>- Stakeholder Relations</li> <li>- Supply Chain Management</li> <li>- Audit and Assurance</li> </ul>	Required Minimum Competency Level in Unit Standard	<input type="checkbox"/>	Financial and Supply Chain Management Competency Areas:- <ul style="list-style-type: none"> <li>- Strategic Leadership and Management</li> <li>- Strategic Financial Management</li> <li>- Operational Financial Management</li> <li>- Governance, Ethics and Values in Financial Management</li> <li>- Financial and Performance Reporting</li> <li>- Risk and Change Management</li> <li>- Legislation, Policy and Implementation</li> <li>- Stakeholder Relations</li> <li>- Supply Chain Management</li> <li>- Audit and Assurance</li> </ul>	Required Minimum Competency Level in Unit Standard	MFMP in process

MINIMUM COMPETENCY LEVELS FOR SENIOR MANAGERS					
DESCRIPTION	REQUIREMENTS	DIRECT OR CORPORATE SERVICES:	DIRECTOR COMMUNITY SERVICES	DIRECTOR STRATEGIC PLANNING AND LED	DIRECTOR ENGINEERING SERVICES
Higher Education Qualification					
Work Related Experience					
Leading and Core Competencies					
Financial and Supply Chain Management Competency Areas:-  - Strategic Leadership and Management - Strategic Financial Management - Operational Financial Management - Governance, Ethics and Values in Financial Management - Financial and Performance Reporting - Risk and Change Management - Legislation, Policy and Implementation - Stakeholder Relations - Supply Chain Management - Audit and Assurance	Required Minimum Competency Level Unit Standard	-	□	-	-
-			□		

# *Chapter 5*



# Chapter 5

## COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

### 5.1 STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary											
Description	Year 2018/19										
R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8,00	9	10	11
<b>Financial Performance</b>											
Property rates	174 267 678	-3 213 471	171 054 207	–		171 054	177 751 062		3 483	104%	102%
Service charges	940 558 499	44 916 367	985 474 866	–		985 475	888 771 867		(51 787)	90%	94%
Investment revenue	40 966 872	10 660 000	51 626 872	–		51 627	67 359 016		26 392	130%	164%
Transfers recognised - operational	362 553 000	-1 400 000	361 163 000	–		361 163	368 966 130		6 413	102%	102%
Other own revenue	114 512 664	-2885 000	111 617 664	–		111 618	223 054 662		108 542	200%	195%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 632 858 713</b>	<b>48 077 896</b>	<b>1 680 936 609</b>			<b>1 680 937</b>	<b>1 725 902 737</b>		<b>93 044</b>	<b>103%</b>	<b>106%</b>
Employee costs	439 667 857	1 845 788	441 513 645	–	–	441 514	424 770	-	(14 898)	96%	97%
Remuneration of councillors	32 551 092	-6 088 575	26 462 517	–	–	26 463	26 461	-	(6 090)	100%	81%
Debt impairment	95 930 572	96 669 428	192 600 000			192 600	274 021	-	178 090	142%	286%
Depreciation & asset impairment	238 131 521	15 230 579	253 362 100			253 362	235 890	-	(2 242)	93%	99%
Finance charges	-	20 000 000	20 000 000	–	–	20 000	3 869	-	3 869	19%	0%

Materials and bulk purchases	589 795 202	-60 553 773	529 241 429	-	-	529 241	500 891	-	(88 905)	95%	85%
Transfers and grants	74 241 300	-70 991 300	3 250 000	-	-	3 250	-	-	(74 241)	0%	0%
Other expenditure	342 125 264	-12 840 148	329 285 116	-	-	329 285	258 786	-	(83 339)	79%	76%
<b>Total Expenditure</b>	<b>1 812 442 808</b>	<b>-16 728 001</b>	<b>1 795 714 807</b>			<b>1 795 715</b>	<b>1 724 687</b>	<b>-</b>	<b>(87 756)</b>	<b>96%</b>	<b>95%</b>
<b>Surplus/(Deficit)</b>	-179 584 095	64 805 897	-114 778 198			(114 778)	1 216	-	180 800	-1%	-1%
Transfers recognised - capital	132 446 500	51 129 092	183 575 592			183 576	127 593		(4 854)	70%	96%
Contributions recognised - capital & contributed assets			-			-	-		-		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>									-		
Share of surplus/ (deficit) of associate			-			-			-		
<b>Surplus/(Deficit) for the year</b>	-47 137 595		68 797 394			68 797 394	128 808 420	-	175 946	0	0
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>											
Transfers recognised - capital	132 447	51 129	183 576	-		183 576	127 593		(51 129)	70%	96%
Public contributions & donations	-	-	-	-			0		-	0,00	0,00
Borrowing	-	-	-	-		-	-		-	0,00	0,00
Internally generated funds	-	-	-	-		-	-		-	0,00	0,00
<b>Total sources of capital funds</b>											
<b>Cash flows</b>											
Net cash from (used) operating	(5 725)	38 350	32 626	-		32 626	195 389	-	(201 114)	599%	-3413%
Net cash from (used) investing	(98 287)	(51 689)	(149 976)	-		(149 976)	(162 103)	-	63 816	108%	165%
Net cash from (used) financing	-	(20 000)	(20 000)	-		(20 000)	(24 422)	-	24 422	122%	0

Net increase/(decrease) in cash and cash equivalents	(104 011)	(33 339)	(137 350)	-	-	(137 350)	8 865	-	(112 876)	-6%	-9%
T 5.1.1											

Financial Performance of Operational Services					
R '000					
Description	Year 2018/19			Year 2018/19 Variance	
	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<u>Operating Cost</u>					
Water	108,493	112,887	81,708	-32.78%	-38.16%
Waste Water (Sanitation)	66,651	72,033	73,047	8.76%	1.39%
Electricity	707,934	739,900	559,477	-26.53%	-32.25%
Waste Management	61,753	65,600	49,944	-23.64%	-31.35%
Housing	–	–	28,485	100.00%	100.00%
Component A: sub-total	944,831	990,420	792,661	-19.20%	-24.95%
Waste Water (Stormwater Drainage)	3,034	674	416	-629.40%	-61.99%
Roads	114,329	111,229	141,593	19.26%	21.44%
Transport	–	–	–	0.00%	0.00%
Component B: sub-total	117,363	111,903	142,009	17.36%	21.20%
Planning	30,086	26,920	12,644	-137.94%	-112.90%
Local Economic Development	10,132	11,589	9,216	-9.94%	-25.75%
Component B: sub-total	40,218	38,509	21,860	-83.98%	-76.16%
Planning (Strategic & Regulatory)	–	–	–	0.00%	0.00%
Local Economic Development	–	–	–	0.00%	0.00%
Component C: sub-total	–	–	–	0.00%	0.00%
Community & Social Services	65,346	61,309	38,570	-69.42%	-58.96%
Environmental Protection	922	922	53,734	98.28%	98.28%
Health	6,780	6,721	14	-48866.65%	-48440.90%
Security and Safety	60,242	72,169	126,408	52.34%	42.91%
Sport and Recreation	51,578	52,231	30,518	-69.01%	-71.15%
Corporate Policy Offices and Other	525,163	461,531	518,913	-1.20%	11.06%
Component D: sub-total	710,030	654,883	768,157	7.57%	14.75%
<b>Total Expenditure</b>	<b>1,812,442</b>	<b>1,795,715</b>	<b>1,724,687</b>	<b>-5.09%</b>	<b>-4.12%</b>
NB: Original and Adjusted budget figures not included as they were not disclosed on the 2016/17 audited AFS. In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.					T 5.1.2

## 5.2 GRANTS

R' 000						
Description	2017/18	2018/19			2018/19 Variance	
	Actual	Budget	Adjustment s Budget	Actual	Original Budget (%)	Adjustment s Budget (%)
Operating Transfers and Grants						
National Government:	222 450	237 770	237 770	240 646		
Equitable share	209 740	233 655	233 655	233 655	100,00%	100%
Municipal Systems Improvement	–	–	–	566	0,00%	
Department of Water Affairs	–	–	–	–	0,00%	
Financial Management Grant	4 045	4 115	4 115	4 115	100,00%	100%
EPWP	3 868	1 947	1 947	1 947	100,00%	100%
MTDG	4 566	–	–	–		
5% PMU	–	1 000	1 000	–	0,00%	0%
LGSETA	231	–	–	362		
Provincial Government:	737	1 200	1 200	728		
Health subsidy	–	–	–	–	0,00%	
Housing	–	–	–	–	0,00%	
Ambulance subsidy	–	–	–	–	0,00%	
Sports and Recreation	737	1 200	1 200	728	60,63%	60,63%
Financial Managemnt Grant	–	–	–	–	0,00%	
District Municipality:	–	–	–	–		
<i>[insert description]</i>						
Other grant providers:	–	–	–	–		
					#DIV/0!	
Total Operating Transfers and Grants	223 187	238 970	238 970	241 373		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						T 5.2.1

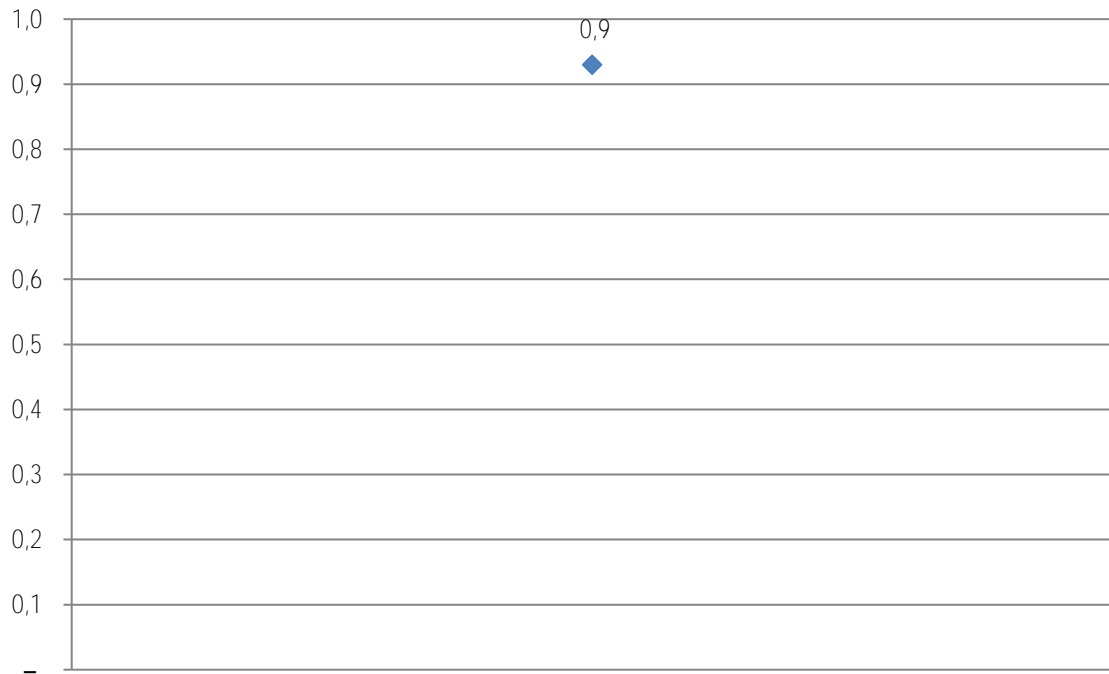
## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2018/19	
Asset 1	
Name	Waste water Treatment works upgraded in VSD
Description	Waste water Treatment works upgraded in VSD (all Wards)
Asset Type	Infrastructure asset
Key Staff Involved	Contractor
Staff Responsibilities	PMU
Asset 2	
Name	Extension of Asbestos Pipeline constructed in Ikageng
Description	sliping lining extension 600mm Asbestos Pipeline constructed in Ikageng
Asset Type	Infrastructure asset
Key Staff Involved	Contractor
Staff Responsibilities	PMU
Asset 3	
Name	Disaster management centre constructed in Tlokwe
Description	Disaster management centre constructed in Tlokwe (ward 12)
Asset Type	Infrastructure asset
Key Staff Involved	Contractor
Staff Responsibilities	PMU
T 5.3.2	

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	96,322,873	119,358,584	66,121,255	31%
T 5.3.4				

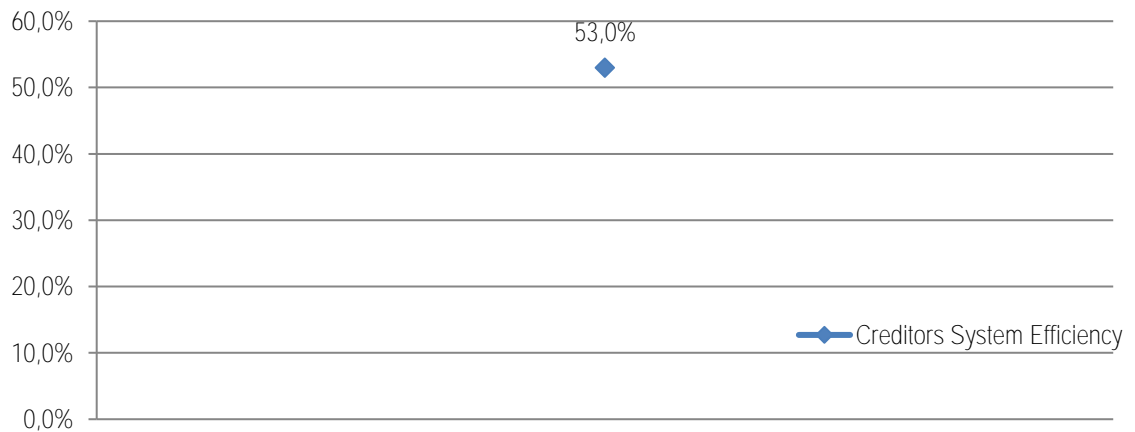
## Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

### 5.4 FINANCIAL RATIO BASED ON KEY PERFORMANCE INDICATORS

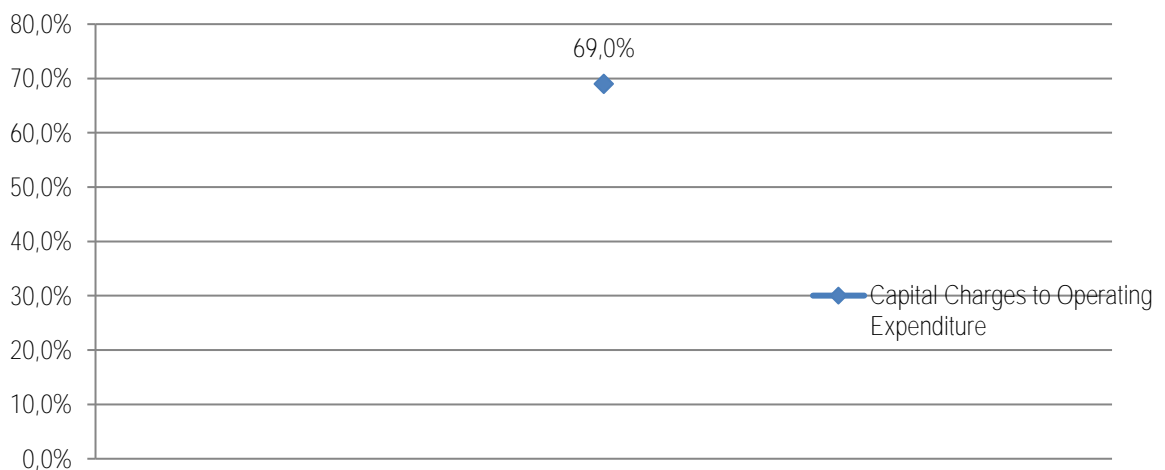
## Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

## Capital Charges to Operating Expenditure

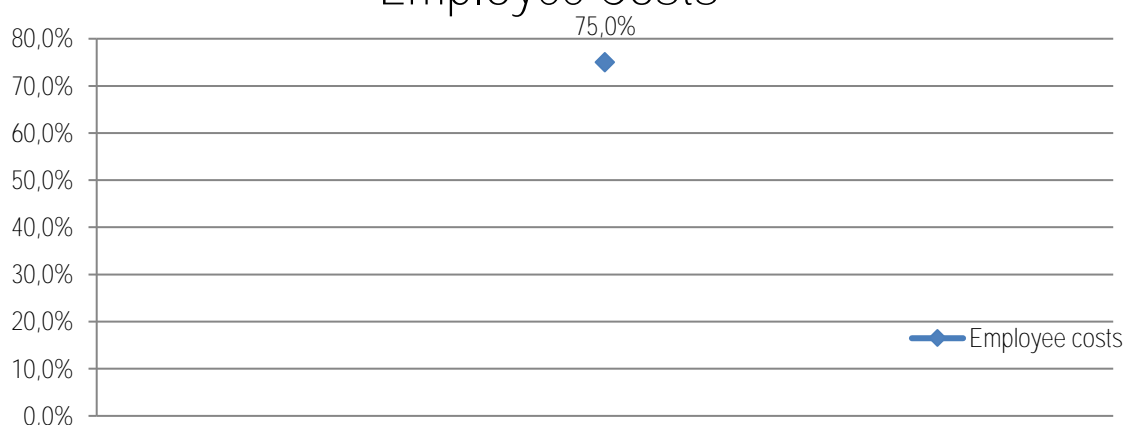


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8



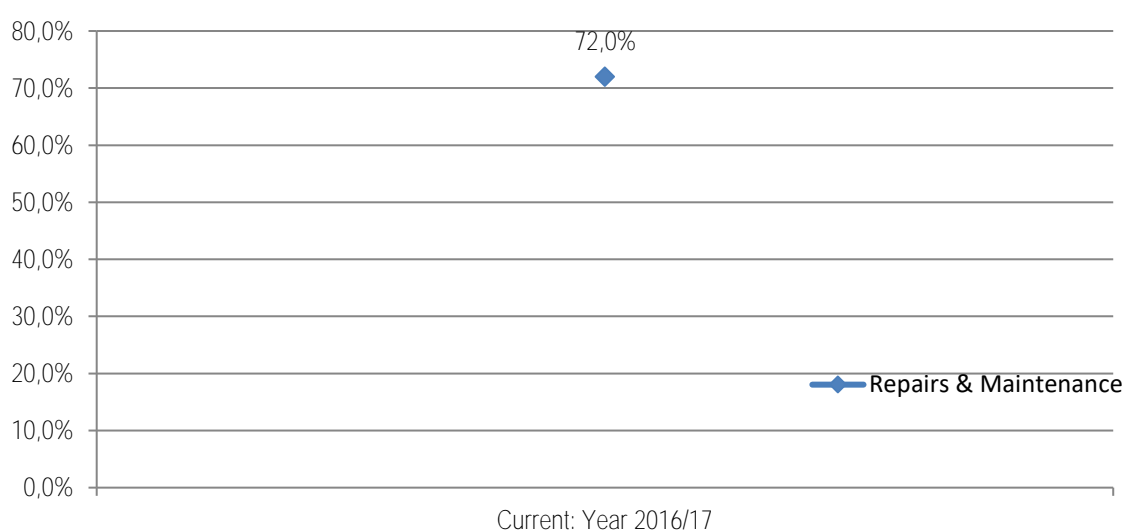
## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

## Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

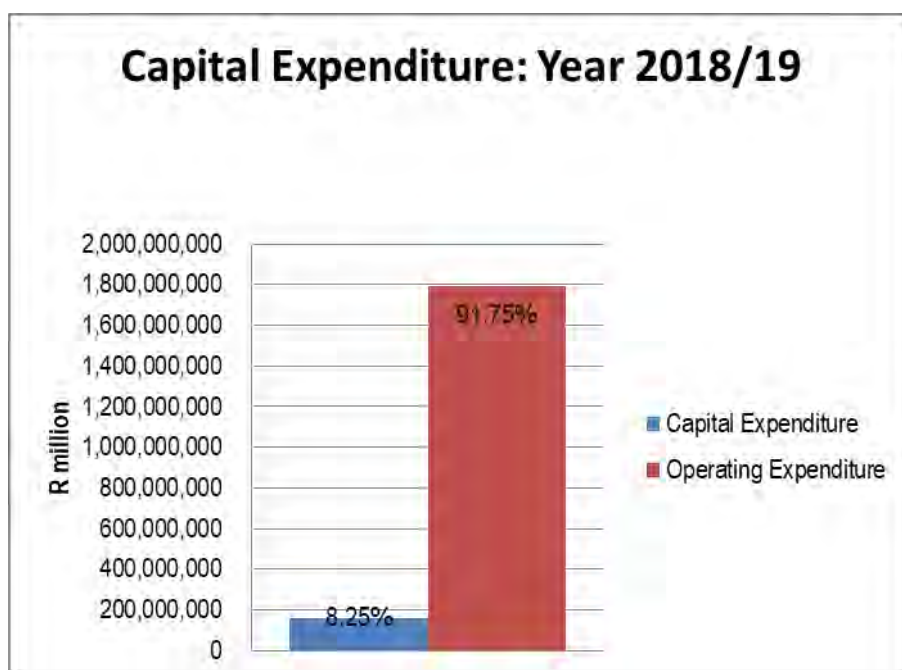
## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The capital projects are mainly funded by Municipal Infrastructure Grants (MIG) and a minimal amount thereof by internally generated funds. For the year under review the capital budget was not fully spent due to the late appointment of service providers. A plan has to be developed to avoid a recurrence of underspending in future.

Please note that the capital expenditure relating to the new works and renewal programmes, the full programme of capital projects and alignment of projects in wards are in **Appendices M, N and O** respectively.

### 5.5 CAPITAL EXPENDITURE

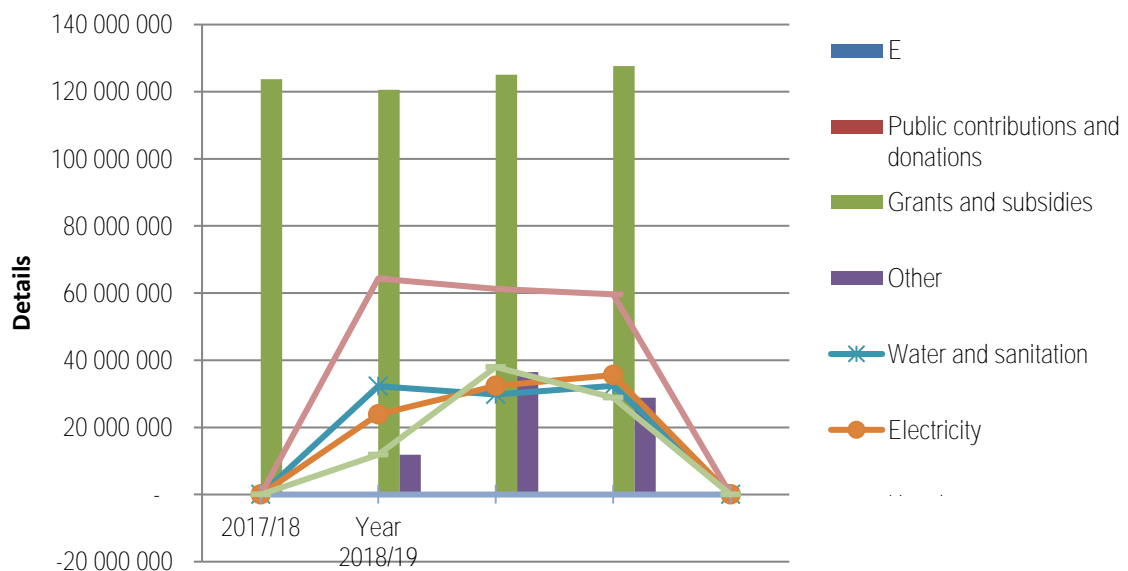


R million	Original Budget	Adjustment Budget	Audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	132,446,500	161,492,000	156,402,665	-0	3.2%
	<b>132,446,500</b>	<b>161,492,000</b>	<b>156,402,665</b>	-0	3.2%
Operating Expenditure	1,812,441,806	1,795,714,807	1,724,687,084	4.8%	4.0%
	<b>1,812,441,806</b>	<b>1,795,714,807</b>	<b>1,461,083,977</b>	19.4%	18.6%
<b>Total expenditure</b>	<b>1,944,888,306</b>	<b>1,957,206,807</b>	<b>1,617,486,642</b>	0	17.4%
Water and sanitation	32,386,000	-	32,386,047	0.0%	
Electricity	23,917,000	-	35,592,843	-48.8%	
Housing	-	-	-		
Roads, Pavements, Bridges and storm water	64,344,000	-	59,613,877	7.4%	
Other	11,900,000	-	25,426,108	-113.7%	
	<b>132,547,000</b>	<b>-</b>	<b>153,018,875</b>	<b>-15.4%</b>	
External Loans	-	-	-		
Internal contributions	-	-	-		
Grants and subsidies	120,546,500	-	127,592,767	-5.8%	
Other	11,900,000	-	25,426,108	-113.7%	
	<b>132,446,500</b>	<b>-</b>	<b>153,018,875</b>	<b>-15.5%</b>	
External Loans	-	-	-		
Grants and subsidies	-	-	-		
Investments Redeemed	-	-	-		
Statutory Receipts (including VAT)	-	-	-		
Other Receipts	-	-	-		
	<b>-</b>	<b>-</b>	<b>-</b>		
Salaries, wages and allowances	472,218,949	472,102,949	469,636,866	0.5%	0.5%
Cash and creditor payments	941,367,266	874,649,051	738,317,909	21.6%	15.6%
Capital payments	132,446,500	183,575,539	156,402,665	-18.1%	14.8%
Investments made	-	-	9,083,648		
External loans repaid	-	20,000,000	25,346,896		-26.7%
Statutory Payments (including VAT)	-	-	-		
Other payments	-	-	-925,077		
	<b>1,546,032,715.00</b>	<b>1,550,327,539.00</b>	<b>1,397,862,907.00</b>	9.6%	9.8%
	Original Budget	Adjustment Budget	Audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	174,267,678	171,054,207	177,751,062	-2.0%	-3.9%
Service charges	940,558,499	985,474,866	888,771,867	5.5%	9.8%
Other own revenue	397,945,536	395,760,536	659,379,808	-65.7%	-66.6%
	<b>1,512,771,713</b>	<b>1,552,289,609</b>	<b>1,725,902,737</b>	-14.1%	-11.2%
Employee related costs	472,218,949	472,102,949	451,231,736	4.4%	4.4%
Provision for working capital	-	-	-		
Repairs and maintenance	9,842,202	10,545,686	66,121,255	-571.8%	-527.0%
Bulk purchases	579,953,000	526,889,000	500,890,596	13.6%	4.9%
Other expenditure	750,428,657	768,858,840	709,205,315	5.5%	7.8%
	<b>1,812,442,808</b>	<b>1,778,396,475</b>	<b>1,727,448,902</b>	4.7%	2.9%
Service charges: Electricity	704,219,268	735,328,348	658,965,065	6.4%	10.4%
Grants & subsidies: Electricity	23,917,000	23,917,000	35,592,843	-48.8%	-48.8%
Other revenue: Electricity	3,714,346	4,571,966	5,056,798	-36.1%	-10.6%
	<b>731,850,614</b>	<b>763,817,314</b>	<b>699,614,706</b>	4.4%	8.4%
Employee related costs: Electricity	40,991,410	40,991,410	32,243,906	21.3%	21.3%
Provision for working capital: Electricity	-	-	-		
Repairs and maintenance: Electricity	24,275,575	18,828,857	23,642,165	2.6%	-25.6%
Bulk purchases: Electricity	558,064,000	505,000,000	477,526,732	14.4%	5.4%
Other expenditure: Electricity	65,245,565	66,046,027	26,063,770	60.1%	60.5%
	<b>688,576,550</b>	<b>630,866,294</b>	<b>559,476,572</b>	18.7%	11.3%
Service charges: Water	123,348,000	115,969,000	115,017,798	6.8%	0.8%
Grants & subsidies: Water	12,386,000	12,386,000	32,952,297	-166.0%	-166.0%
Other revenue: Water	466,400	260,000	2,062,499	-342.2%	-693.3%
	<b>136,200,400</b>	<b>128,615,000</b>	<b>150,032,593</b>	-10.2%	-16.7%
Employee related costs: Water	20,672,921	20,672,921	22,451,603	-8.6%	-8.6%
Provision for working capital: Water	-	-	-		
Repairs and maintenance: Water	6,970,977	6,400,544	4,735,556	32.1%	26.0%
Bulk purchases: Water	21,889,000	21,889,000	23,363,864	-6.7%	-6.7%
Other expenditure: Water	42,439,578	45,299,847	31,156,498	26.6%	31.2%
	<b>91,972,476</b>	<b>94,262,312</b>	<b>81,707,522</b>	11.2%	13.3%

## 5.6 SOURCE OF FINANCE

Capital Expenditure - Funding Sources: 2018/19							
R' 000							
Details		2017/18	Year 2018/19				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	-	-	-	-	0.00%	0.00%
	Public contributions and donations	-	-	-	-	0.00%	0.00%
	Grants and subsidies	123,732,810	120,546,500	125,009,164	127,592,767	3.70%	5.85%
	Other	-	11,900,000	36,482,836	28,809,898	206.58%	142.10%
<b>Total</b>		-	<b>132,446,500</b>	<b>161,492,000</b>	<b>156,402,665</b>	<b>210.28%</b>	<b>147.95%</b>
Percentage of finance							
	External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	0.0%	91.0%	77.4%	81.6%	0.0%	4.0%
	Other	0.0%	9.0%	22.6%	18.4%	0.0%	96.0%
Capital expenditure							
	Water and sanitation	-	32,285,500	29,810,000	32,386,047	-7.67%	0.31%
	Electricity	-	23,917,000	32,412,000	35,592,843	35.52%	48.82%
	Housing	-	-	-	-	0.00%	0.00%
	Roads and storm water	-	64,344,000	61,280,000	59,613,877	-4.76%	-7.35%
	Other	-	11,900,000	37,990,000	28,809,898	219.24%	142.10%
<b>Total</b>		<b>0</b>	<b>132,446,500</b>	<b>161,492,000</b>	<b>156,402,665</b>	<b>242.33%</b>	<b>183.88%</b>
Percentage of expenditure							
	Water and sanitation	0.0%	24.4%	18.5%	20.7%	-3.2%	0.2%
	Electricity	0.0%	18.1%	20.1%	22.8%	14.7%	26.5%
	Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads and storm water	0.0%	48.6%	37.9%	38.1%	-2.0%	-4.0%
	Other	0.0%	9.0%	23.5%	18.4%	90.5%	77.3%
T 5.6.1							

## Source of Finance and Capital Expenditure



## 5.7 CAPITAL SPENDING ON LARGEST PROJECTS

CAPITAL EXPENDITURE OF LARGEST PROJECTS				
				R'000
	Project Name	Original Budget	Adjusted budget	Actual Budget Expenditure
1	Internal road constructed in Appelrai Ward 32	5 000 000.00	5 132 815.95	5 132 815.95
2	Road and Storm water constructed in Extension 7 Ward 20	6 500 000.00	N/A	5 538 454.85
3	upgrade Sewer in Ikageng proper (Phase D) (ward 14)	4 500 000.00	N/A	4 302 974.15
4	Upgrade bulk water reticulated in Boikhutso Ward 32	10 000 000.00	N/A	8 974 838.96
5	Extension of Asbestos Pipeline constructed in Ikageng	12 386 000.00	N/A	5 392 787.83
6	Waste water Treatment works upgraded in VSD (all Wards)	20 000 000.00	N/A	20 641 057.29
7	Flood canal constructed in N12 Potchefstroom	N/A	8 000 000.00	8 353 881.19
8	Rehabilitation of sink hole in Ikageng	N/A	4 000 000.00	3 667 514.28
9	Houses supplied with electricity connection in Boikhuts	3 317 000.00	N/A	2 520 403.66
10	Houses supplied with electricity connection in Boikhuts	3 317 000.00	N/A	2 869 901.28
11	Houses supplied with electricity connection in Ikageng	2 867 500.00	10 385 000.00	7 987 048.29
12	Houses supplied with electricity connection in Matlwang	1 897 500	N/A	1 397 644.44
13	Houses supplied with electricity connection in Ext 9	N/A	9 601 364.00	7 408 302.16
14	Houses supplied with electricity connection in Rysmier	5 000 000.00	N/A	4 372 389.21
15	Constructed water reticulation in Ikageng Ext 13	8 500 000.00	6 363 526.00	6 212 563.25
16	New Road rehabilitated in Felophepha	N/A	6 500 000.00	2 987 455.77
17	Taxi rank and 10 hawkers stalls constructed in Ikageng Ext 7	3 592 690.00	7 015 493.00	6 079 714.00
18	Light industrial park constructed in Ikageng	12 000 000.00	N/A	11 375 844.21
19	Disaster management centre constructed in Tlokwe ward12	11 246 000.00	14 246 000.00	5 211 267.61

## 5.7 CAPITAL SPENDING ON LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 2018/19			Variance: Current Year 0	
	Original Budget	Adjusted Budget	Actual Expenditure	Original Variance (%)	Adjusted Variance (%)
A - Upgrade bulk water reticulated in Boikhutso Ward 32	10 000 000	0	8 974 839	10%	100%
B - Waste water Treatment works upgraded in VSD (all Wards)	20 000 000	0	20 641 057	-3%	100%
C - Extension of Asbestos Pipeline constructed in Ikageng	12 386 000	0	5 392 788	56%	100%
D - Light industrial park constructed in Ikageng	12 000 000	0	11 375 844	5%	100%
E - Disaster management centre constructed in Tlokwe ward 12	11 246 000	14 246 000	5 211 268	54%	-27%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	Upgrade bulk water reticulated in Boikhutso Ward 32				
Objective of Project	To Eradicate backlog in order to improve access and ensure proper operation and maintenance				
Delays	Rain delays community disruptions as a result of the subcontracting and high labour employment demand.				
Future Challenges	construction progress, due to late appointment of the contractor				
Anticipated citizen benefits	878 houses				
Name of Project - B	Waste water Treatment works upgraded in VSD (all Wards)				
Objective of Project	To Eradicate backlog in order to improve access and ensure proper operation and maintenance				
Delays	Rain delays community disruptions as a result of the subcontracting and high labour employment demand.				
Future Challenges	none				
Anticipated citizen benefits	JB Marks community within the Ventersdorp region				
Name of Project - C	Extension of Asbestos Pipeline constructed in Ikageng				
Objective of Project	To Eradicate backlog in order to improve access and ensure proper operation and maintenance				
Delays	Rain delays community disruptions as a result of the subcontracting and high labour employment demand.				
Future Challenges	Rain delays community disruptions as a result of the subcontracting and high labour employment demand.				
Anticipated citizen benefits	JB Marks community within the Tlokwe region				
Name of Project - D	Light industrial park constructed in Ikageng				
Objective of Project	To Eradicate backlog in order to improve access and ensure proper operation and maintenance				

Delays	Rain delays community disruptions as a result of the subcontracting and high labour employment demand.
Future Challenges	Late appointment of services Providers, Breaking the old existing concrete
Anticipated citizen benefits	JB Marks parks
Name of Project - E	Disaster management centre constructed in Tlokwe ward12
Objective of Project	To Eradicate backlog in order to improve access and ensure proper operation and maintenance
Delays	Rain delays community disruptions as a result of the subcontracting and high labour employment demand
Future Challenges	slow progress of construction
Anticipated citizen benefits	whole community of JB Marks
T 5.7.1	



## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE

SERVICE BACKLOGS AS AT 30 JUNE 2019				
Services	Service level above minimum standard		Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	103 778	91.5%	8864	8.5
Sanitation	55 703	96.2%	2083	3.7
Electricity	50476	66.3%	16969	33.6%
Waste Management	75020	100%	0	0%
Housing	60886	67%	20295	33%
<i>% HHs are the service above/below minimum standard as a proportion of total HHs. Housing refers to formal and informal settlement</i>				

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENT

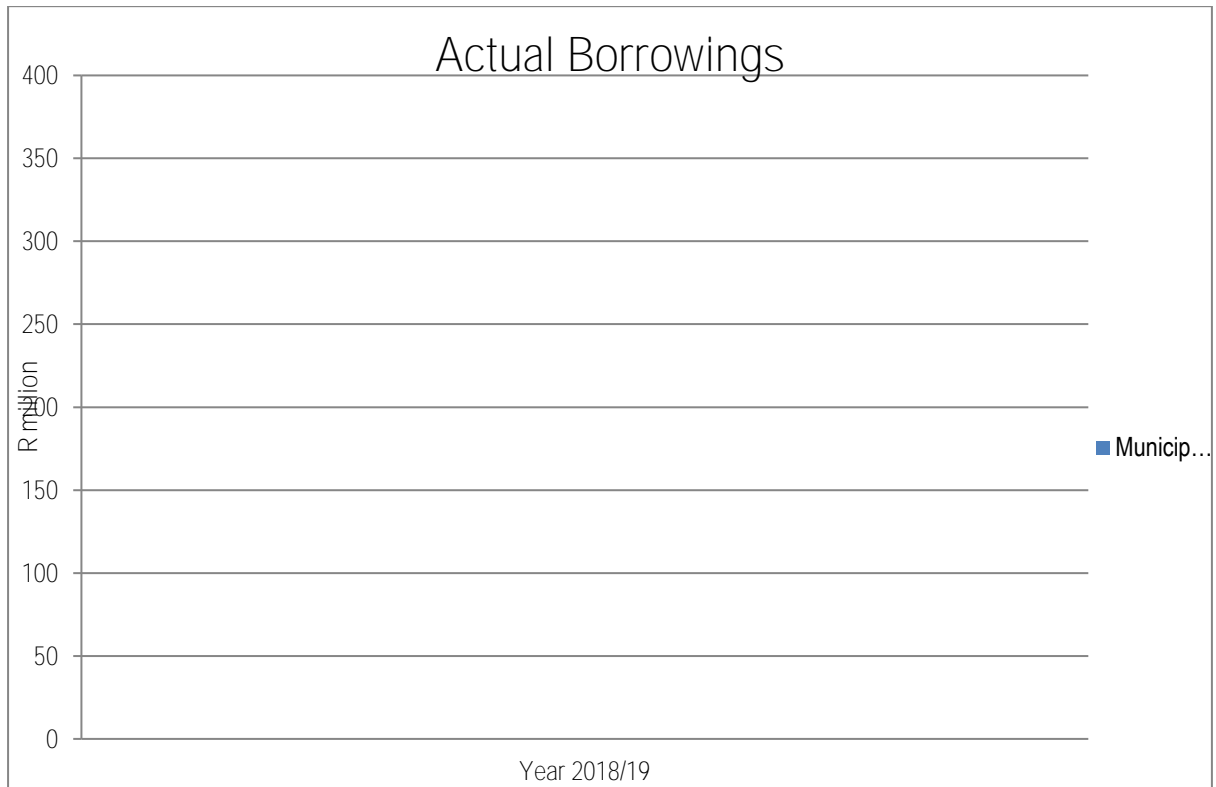
#### 5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Ratepayers and other	987,216	1,012,646	1,014,672	985,207
Grants	348,572	362,564	353,053	350,774
Interest	54,747	40,967	18,177	67,359
Dividends	4	–	–	4
Payments				
Suppliers and employees	(1,174,094)	(1,413,586)	(1,346,752)	(1,206,136)
Finance charges	(1,366)	–	–	(1,818)
Transfers and Grants	-	(8,315)	(6,524)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>215,079</b>	<b>(5,725)</b>	<b>32,626</b>	<b>195,389</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of PPE		–	–	–
Decrease (Increase) in non-current debtors		560	–	–
Decrease (increase) other non-current receivables		33,600	33,600	–
Decrease (increase) in non-current investments		–	–	–
Payments				
Capital assets	(159,773)	(132,447)	(183,576)	(162,103)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(159,773)</b>	<b>(98,287)</b>	<b>(149,976)</b>	<b>(162,103)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Short term loans		–	–	–
Borrowing long term/refinancing		–	–	–
Increase (decrease) in consumer deposits	2,226	–	–	925
Payments				
Repayment of borrowing	(3,946)	–	(20,000)	(25,347)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1,720)</b>	<b>–</b>	<b>(20,000)</b>	<b>(24,422)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>53,586</b>	<b>(104,011)</b>	<b>(137,350)</b>	<b>8,865</b>
Cash/cash equivalents at the year begin:	177,344	169,000	246,646	230,930
Cash/cash equivalents at the year end:	230,930	64,989	109,297	239,795

## 5.10 BORROWING AND INVESTMENT

### INTRODUCTION TO BORROWING AND INVESTMENTS

Actual Borrowings: Year 2018/19	
R' 000	
Instrument	Year 2018/19
<u>Municipality</u>	0
Long-Term Loans (annuity/reducing balance)	0
Long-Term Loans (non-annuity)	0
Local registered stock	0
Instalment Credit	0
Financial Leases	0
PPP liabilities	0
Finance Granted By Cap Equipment Supplier	0
Marketable Bonds	0
Non-Marketable Bonds	0
Bankers Acceptances	0
Financial derivatives	0
Other Securities	0
<b>Municipality Total</b>	<b>0</b>
<u>Municipal Entities</u>	
Long-Term Loans (annuity/reducing balance)	0
Long-Term Loans (non-annuity)	0
Local registered stock	0
Instalment Credit	0
Financial Leases	0
PPP liabilities	0
Finance Granted By Cap Equipment Supplier	0
Marketable Bonds	0
Non-Marketable Bonds	0
Bankers Acceptances	0
Financial derivatives	0
Other Securities	0
<b>Entities Total</b>	<b>0</b>
T 5.10.2	



## 5.11 PUBLIC PRIVATE PARTNERSHIPS

### PUBLIC PRIVATE PARTNERSHIPS

#### COMMENT ON THE OVERALL PERFORMANCE OF PUBLIC AND PRIVATE PARTNERSHIPS:-

Council does have any Public Private Partnerships.

## COMPONENT D: OTHER FINANCIAL MATTERS

## 5.12 SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

Supply Chain Management aims to support the strategic decision-making of the municipality, thereby ensuring effective and efficient service delivery to its internal and external clients and it also aim to ensure that purchasing and procurement of goods and services is implemented according to the prescribed legislation.

The council developed a Supply Chain Management Policy and practices in compliance with the guidelines set down by the Supply Chain Management Regulations, 2005, which was approved with effect from 1 March 2010.

The council also adopted the new Preferential Procurement Regulations, 2011. A new SCM Policy, incorporating the above-mentioned regulations as well as all other relevant legislation, regulations and circulars, has been developed and approved by the council.

In terms of the municipal supply chain management policy, no councillors are members of any committee handling Supply Chain Management processes.

#### 5.13 GRAP COMPLIANCE

GRAP is the acronym for General Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The Annual Financial Statement of JB marks Local Municipality are GRAP compliant.

# Chapter 6



*Auditing to build public confidence*

AUDITOR - GENERAL  
SOUTH AFRICA

## Report of the auditor-general to the North West provincial legislature and the council on the JB Marks Local Municipality

### Report on the audit of the financial statements

#### Qualified opinion

1. I have audited the financial statements of the JB Marks Local Municipality set out on pages 264 to 356, which comprise the statement of financial position as at 30 June 2019, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the JB Marks Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (DoRA).

#### Basis for qualified opinion

##### Irregular expenditure

3. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient sufficient appropriate audit evidence for the unresolved irregular expenditure incurred by the former Ventersdorp Local Municipality prior to 2014-15 and for some of the items included in the irregular expenditure for the current and previous years, due to inadequate record keeping of these expenses. The municipality's records did not permit the application of alternative procedures. In addition, the municipality made payments in contravention with the supply chain management requirements which were not included in the irregular expenditure disclosed for the current and previous year whilst also including amounts in irregular expenditure for the current and previous year which does not meet the definition of irregular expenditure, resulting in irregular expenditure disclosed being understated by R27 723 777. Consequently, I was unable to determine whether any further adjustment relating to irregular expenditure of R2 173 405 136 (2018: R1 990 590 175) as disclosed in note 45 to the financial statements was necessary.

##### Payables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to the status of the accounting records. The municipality did not have adequate systems of internal control to ensure long outstanding creditors are valid. I was unable to confirm these payables by alternative means. Consequently, I was unable to



determine whether any adjustment relating to payables from exchange transactions of R300 195 609 (2018: R286 936 043) as disclosed in note 15 to the financial statements was necessary.

### Inventories

5. I was unable to obtain sufficient appropriate audit evidence for consumable stores included in inventories due to the status of the accounting records. The municipality did not have adequate systems of internal control to ensure adequate stock records for purchases and issues made during the year are kept. I was unable to confirm these consumable stores by alternative means. Consequently, I was unable to determine whether any adjustment relating to consumable stores of R25 120 148 included in inventories as disclosed in note 3 to the financial statements was necessary.

### Revenue

6. The municipality incorrectly classified unallocated receipts from consumers for service charges as miscellaneous other revenue in contradiction with GRAP 1, *Presentation of financial statements*. As a result, miscellaneous other revenue as disclosed in note 25 and consumer debtors as disclosed in note 5 were overstated by R23 486 251 and R11 758 609 respectively, while unallocated debtors included in payables of exchange transactions as disclosed in note 15 was understated by R11 727 642. Additionally, there was a resultant impact on the deficit for the period.

### Expenditure

7. During 2018, I was unable to obtain sufficient appropriate audit evidence for general expenses due to an inadequate document management system and a lack of information provided to confirm that goods and services paid for was in fact received by the municipality. I was unable to determine whether any adjustment to general expenses of R122 607 186 as disclosed in note 38 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. I was still unable to confirm these general expenses by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

### Context for the opinion

8. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
9. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.





## Emphasis of matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Unauthorised, and fruitless and wasteful expenditure

12. As disclosed in note 47 to the financial statements, unauthorised expenditure of R8 833 803 was incurred in the current year and the unauthorised expenditure of R824 686 591 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.
13. As disclosed in note 46 to the financial statements, fruitless and wasteful expenditure of R2 920 913 was incurred in the current year and fruitless and wasteful expenditure of R74 599 872 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

### Material losses

14. As disclosed in note 51 to the financial statements, electricity losses of 8.79% (2018: 8.00%) with a calculated cost of R42 003 931 (2018: R37 323 771) and water losses of 22.10% (2018: 29.28%) with a calculated cost of R4 501 302 (2018: R5 185 072) were incurred.
15. As disclosed in note 4 and 5 to the financial statements, receivables have been significantly impaired. The allowance for impairment amounts to R910 411 217 (2018: R636 290 085) which represents 77% (2018: 73%) of the total receivables. In addition, as disclosed in note 34 to the financial statements, debt impairment of R274 020 696 (2018: R227 561 767) was incurred as a result of significant impairment of receivables.

### Restatement of corresponding figures

16. As disclosed in note 50 to the financial statements, a number of corresponding figures have been restated as a result of errors discovered during the year ended 30 June 2019.

## Other matters

17. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Unaudited disclosure notes

18. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

### Unaudited supplementary schedules

19. The supplementary information set out on pages 215 to 256 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## Responsibilities of the accounting officer for the financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
21. In preparing the financial statements, the accounting officer is responsible for assessing the JB Marks Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the

appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the financial statements**

22. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

24. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected key performance area presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
25. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
26. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area presented in the annual performance report of the municipality for the year ended 30 June 2019:

<b>Key performance area</b>	<b>Pages in the annual performance report</b>
KPA 2: Basic service delivery	109 - 129

27. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
28. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

## KPA 2 – Basic service delivery

### Various indicators

29. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the following indicators. This was due to the systems and processes that enable reliable reporting of the achievement against the targets not being adequately designed and the indicators and targets not relating logically and directly to the municipality's performance for the year under review. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievements as reported in the annual performance report.

Key performance indicator	Actual performance
% of 44347 Households with Access to basic level of Water in JB Marks LM by June 2019	103% of 45 826.00 Households with Access to Basic Level of Water in JB Marks LM by June 2019
% of 36989 Households with Access to basic level of Sanitation in JB Marks LM by June 2019	100.2% of 37 064.00 Households with Access to Basic Level of Sanitation in JB Marks LM by June 2019
% of 39819 Households with Access to basic level of Electricity in JB Marks LM by June 2019	117% of 46 613.00 Households with Access to Basic Level of Electricity in JB Marks LM by June 2019
% of 34799 Households with Access to basic level of Solid Waste Removal in JB Marks LM by June 2019	99.8% of 34741 Households with Access to basic level of Solid Waste Removal in JB Marks LM by June 2019

### Number of Houses supplied with electricity connections in Ext 9 (Ward 4 & 18) by June 2019

30. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the target 694 Houses supplied with electricity connections. This was due to a lack of source documents for houses that have received electrification upgrades. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustment was required to the achievement of 505 houses as reported in the annual performance report.

### Other matters

31. I draw attention to the matters below.

### Achievement of planned targets

32. Refer to the annual performance report on pages 109 to 129 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 29 to 31 of this report.

### Adjustment of material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery. As management subsequently corrected only some of the misstatements, I reported material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.



### Introduction and scope

34. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality's with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
35. The material findings on compliance with specific matters in key legislation are as follows:

### Annual financial statements and annual report

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
37. The council failed to adopt an oversight report containing the council's comments on the annual report within the prescribed timelines, as required by section 129(1) of the MFMA.

### Strategic planning and performance management

38. A performance management system was not adopted, as required by regulation 8 of the Municipal Planning and Performance Management Regulations.

### Expenditure management

39. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
40. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The irregular expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by competitive bidding processes that were not followed. Irregular expenditure of R24 347 259 related to the following key projects: the slip lining extension of a 600mm asbestos pipeline; Boikhutso bulk water supply; construction of roads and stormwater at Ikageng extension 7 (Phase 1) and construction of Appeldraai internal road development (Phase 3).
41. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R2 920 913, as disclosed in note 46 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on late payments.
42. Reasonable steps were not taken to prevent unauthorised expenditure of R8 833 803, as disclosed in note 47 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending of the budget.
43. An adequate management, accounting and information system was not in place which accounted for creditors, as required by section 65(2)(b) of the MFMA.

### Procurement and contract management

44. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements.

45. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).
46. Some of the quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b).
47. Some of the quotations and contracts were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
48. Some of the quotations and contracts were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
49. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
50. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year.
51. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the following key projects: the slip lining extension of a 600mm asbestos pipeline; Boikhutso bulk water supply and construction of roads and stormwater at Ikageng extension 7 (Phase 1).
52. The preference point system was not applied in some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.
53. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations. This non-compliance was identified in the procurement processes for construction of Appeldraai internal road development (Phase 3).
54. Some of the contracts were awarded to bidders based on functionality criteria that were not stipulated and in the original invitation for bidding, in contravention of Preferential Procurement Regulations.
55. Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).
56. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by regulation 8(2) of the 2017 Preferential Procurement Regulations.
57. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. This non-compliance was identified in the procurement processes for the following key projects: Boikhutso bulk water supply; construction of roads and stormwater at Ikageng extension 7 (Phase 1) and upgrade of waste water treatment works in Ventersdorp.

58. Awards were made to providers who were in the service of other state institutions or whose directors or principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

#### Revenue management

59. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

#### Consequence management

60. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.
61. Allegations of financial misconduct laid against officials of the municipality were not investigated, as required by section 171(4)(a) of the MFMA.

#### Human resource management

62. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA).
63. The senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

#### Other information

64. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and the selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
65. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
66. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
67. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

68. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to





the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- Leadership did not adequately exercise their oversight responsibility regarding financial and performance reporting and compliance with legislation. The municipality did not have sufficient monitoring and reviewing controls to ensure that financial and performance reports submitted for audit were accurate and complete and that action plans developed were adequately and timeously implemented to address all prior year audit findings. The implementation thereof was mostly done through consultants with limited transfer of skills to own staff.
- Effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored, was not implemented.
- Management's inability to implement controls to comply with laws and regulations as well as to ensure reliable and accurate financial and performance reporting, is a concern. This factor, as well as the continuous non adherence with the council's supply chain management policy without consequences reflects negatively on management's commitment towards a clean administration.
- Management do not have an adequate risk strategy that addresses identified risks in supply chain management, as well as non-compliance with laws and regulations.
- The effectiveness of the audit committee and internal audit's role as an assurance provider was compromised by management's inability to adequately address and react to internal audit's findings and recommendations.

## Other reports

69. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

## Investigation

70. The Directorate for Priority Crime Investigation is currently investigating an amount of R1,7 million that was transferred out of the bank account of JB Marks Local Municipality during the 2017-18 financial year. The investigation was still ongoing at the date of this report.

Auditor-General

Potchefstroom

13 December 2019



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected key performance area and on the municipality’s compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the JB Marks Local Municipality ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.



## COMMENTS ON AUDITOR-GENERAL'S OPINION ON FINANCIAL PERFORMANCE – 2018/2019

A high level overview of the issues raised by the Auditor-General on the 2018/2019 Annual Financial Statements and the related corrective actions are presented in the table below:

Auditor-General Report on Financial Performance Year 2018/2019	
Status of audit report: Qualified Opinion	
Non-Compliance Issues	Remedial Action Taken
<b>PAYABLES FROM EXCHANGE TRANSACTIONS:</b> AGSA could not obtain sufficient evidence for trade creditors included in the payables from exchange transactions due to lack of appropriate accounting records.	Creditors account are reconciled on monthly basis and management is in process of obtaining statement of accounts from long outstanding creditors to determine validity.
<b>REVENUE:</b> Unallocated receipts for services charges where incorrectly classified as miscellaneous other revenue in contradiction with GRAP1, Presentation financial statements	Review policy on unallocated debtors. Table changes to debt and credit policy to council to ensure unallocated debtors are part of the policy. Correct items reconciled late for miscellaneous revenue by posting to correct period as prior period error.
<b>EXPENDITURE:</b> AGSA was unable to obtain sufficient evidence for general expenses due to inadequate document management system and a lack of information provided to confirm that goods and services paid for was in fact was received by the municipality that occurred during 2016/17 audit.	Internal controls have been established and currently been implemented. In-depth verification of work done is undertaken before effecting any payment
<b>IRREGULAR EXPENDITURE:</b> section 125 of the MFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for the unresolved irregular expenditure incurred by the former Ventersdorp Local Municipality prior to 2014-15 and for some of the items included in the Irregular expenditure for the current and previous years, due to inadequate record keeping of these expenses. Irregular expenditure was understated and also included items that do not meet the criteria of irregular expenditure.	Management is currently locating all documents relating to the former Ventersdorp LM, irregular expenditure to ensure that they are dealt in line with section 32 processes of the MFMA. The entire population of irregular expenditure prior the merger of the two municipalities is currently been revisited. Management will further ensure that Sec 32 of MFMA process are followed to the later.
<b>INVENTORIES:</b> The municipality did not have adequate system of internal controls to ensure adequate stock record for purchases and issues made during the year are kept.	Management is currently implementing controls such as capturing GRV and issues immediately once authorised documentation has been received. Scan all issues vouchers and receipts (Delivery notes) for record keeping. Reconcile all high value items each month. Perform half yearly stock counts. Review cost of all items to ensure they are valued at the lower of cost or NRV. Correct the weighed cost of inventory on the system.
<i>Note: * The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</i>	

# GLOSSARY

## GLOSSARY

<b>ACCESSIBILITY INDICATORS</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>ACCOUNTABILITY DOCUMENTS</b>	Documents used by executive authorities to give full and regular reports on the matter under their control to Parliament and Provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>ACTIVITIES</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe (what we do)
<b>ADEQUATE INDICATORS</b>	The quantity of input or output relative to the need or demand
<b>ANNUAL REPORT</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the MFMA. Such a report must include annual financial statements as submitted to and approved by the Auditor General
<b>APPROVED BUDGET</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by Council or a provincial or national executive.
<b>BASELINE</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in year prior to the planning period.
<b>BASIC MUNICIPAL SERVICES</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>BUDGET YEAR</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June
<b>COST INDICATOR</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>DISTRIBUTION INDICATORS</b>	The distribution of capacity to deliver services.
<b>FINANCIAL STATEMENTS</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>GENERAL KEY PERFORMANCE INDICATORS</b>	After consultation with the MEC for Local Government, the Minister may prescribe general key performance indicator that are appropriate and applicable to Local Government generally.
<b>IMPACT</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>INPUTS</b>	All the resources that contributes to the production and delivery of outputs, inputs are “what we use to do the work”. They include finance, personnel, equipment and building.
<b>INTEGRATED DEVELOPMENT PLAN (IDP)</b>	Set out municipal goals and development/strategic plan
<b>NATIONAL KEY PERFORMANCE AREAS</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Service Delivery &amp; Infrastructure</li> <li><input type="checkbox"/> Local Economic Development</li> <li><input type="checkbox"/> Municipal Transformation and Institutional Development</li> <li><input type="checkbox"/> Financial Viability and Management</li> <li><input type="checkbox"/> Good Governance and Community Participation</li> </ul>
<b>OUTCOMES</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plan. Outcomes are “what we wish to achieve”
<b>OUTPUTS</b>	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce to deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a key results area.

<b>PERFORMANCE INDICATOR</b>	Indicators should be specific to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
<b>PERFORMANCE INFORMATION</b>	Generic terms for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>PERFORMANCE STANDARDS</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timelines, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>PERFORMANCE TARGETS</b>	The level of performance that municipalities and its employees strive to achieve. Performance targets related to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period
<b>SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN</b>	Detailed plan approved by the mayor for the implementation of municipality's delivery of projects and services of the revenue collected and operational and capital expenditure by vote for each month. Service Delivery targets and performance indicators must also be included.
<b>VOTE</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the</p> <p>MFMA defines a "vote" as:-</p> <ul style="list-style-type: none"> <li>a. <i>One of the main segments into which a budget of the municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></li> <li>b. <i>Which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.</i></li> </ul>

# APPENDICES

## APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCILLOR ATTENDANCE

COUNCIL MEMBERS	FULL TIME/ PART TIME	COMMITTEE ALLOCATED	WARD AND/OR PARTY REPRESENTED	% COUNCIL MEETING ATTENDANCE	% APOLOGIES FOR NON-ATTENDANCE
ADRIAANSE, JM	Part	Community Safety Portfolio  Transport and Public Safety Portfolio	DA	100%	0%
BRITZ, S	Part	Technical Services Portfolio  Growth, Development and Marketing Portfolio	DA	91.6%	8.4%
CHAKA, XG	Part	Social and Poverty Alleviation Portfolio  Technical Services Portfolio  Community Safety Portfolio  Technical Services Portfolio Com	ANC	91.6%	8.4%
CLARKE, VC	Part	Corporate and Financial Management Services Portfolio  Community Safety Portfolio	FF+	50%	50%
COETZER, CJ	Part	Technical Services Portfolio	DA	83.3%	16.7%
COMBRINK, AL	Part	-	DA	66.6%	33.4%
DE VILLIERS, IJ	Part	Technical Services Portfolio  Environment Portfolio  MPAC	FF+	50%	50%
DU TOIT, SF	Part		FF+	50%	50%
EDWARDS, GG	Part	Community Safety Portfolio Com	DA	75%	25%
ESTERHUYSEN, JJ	Part	Corporate and Financial Management Services Portfolio Com  MPAC	DA	58.3%	41.7%

FRANSMAN, GML	Part	Sports, Arts and Culture Portfolio Com	DA	58.3%	41.7%
GWILI, D	Part	Municipal Services and Local Economic Development Portfolio Com  Technical Services Portfolio Com  Community Safety Portfolio Com  Sports, Arts and Culture Portfolio Com  Environment Portfolio Com  MPAC	ANC	83.3%	16.7%
JOHNSON, KA	Full	Member of Mayoral Committee	ANC	91.6%	8.4%
KATEES, MM	Part	Corporate and Financial Management Services Portfolio Com  Municipal Services and Local Economic Development Portfolio Com  Technical Services Portfolio Com  Sports, Arts and Culture Portfolio Com	ANC	83.3%	16.7%
KEGONTSE, KR	Part	Municipal Services and Local Economic Development Portfolio Com  Sports, Arts and Culture Portfolio Com  Environment Portfolio Com	EFF	66.6%	33.4%

		Naming Portfolio Com			
KGANTICOE, SJ	Part	Corporate and Financial Management Services Portfolio Com  Technical Services Portfolio Com  Environment Portfolio Com	ANC	83.3%	16.7%
KGASANE, MP	Full	Member of Mayoral Committee	ANC	100%	0%
KHAM, XD	Part	Corporate and Financial Management Services Portfolio Com  Municipal Services and Local Economic Development Portfolio Com  Environment Portfolio Com  MPAC	ID	75%	25%
KHUMALO, KM	Full	Mayoral Committee	ANC	100%	0%
KRüGER, TG	Part	Social and Poverty Alleviation Portfolio Com  Naming Portfolio Com	DA	100%	0%
LANDSBERG, JC	Part	MPAC	DA	75%	25%
LE ROUX, AA	Part	Sports, Arts and Culture Portfolio Com	DA	75%	25%
LESOMO, PZ	Part	Corporate and Financial Management Services Portfolio Com  Municipal Services and Local Economic Development Portfolio Com  MPAC	ANC	100%	0%
LETSABO, PT	Part	Social and Poverty Alleviation Portfolio Com	ANC	100%	0%



		Environment Portfolio Com			
LOUW, EH	Full	Member of Mayoral Committee	ANC	41.6%	58.4%
MAKHUNGA, JG	Part	Environment Portfolio Com	DA	50%	50%
MAKOE, ML	Part	Social and Poverty Alleviation Portfolio Com Community Safety Portfolio Com	ANC	75%	25%
MAKOUSA, RA	Full	MPAC Audit Committee	ANC	75%	25%
MALINGA, AJ	Part	Corporate and Financial Management Services Portfolio Com Technical Services Portfolio Com Sports, Arts and Culture Portfolio Com	ANC	100%	0%
MANELI, KM	Full	Member of Mayoral Committee	ANC	91.6%	8.4%
MATABOGE, MM	Full	Member of Mayoral Committee	ANC	91.6%	8.4%
MATJILA, RO	Part	Community Safety Portfolio Com	DA		
MATSAPOLA, DM	Full	Single Whip of Council	ANC	91.6%	8.4%
MKHABELA, LM	Full	Member of Mayoral Committee	ANC	91.6%	8.4%
MODISE, DP	Full	Naming Portfolio Com Member of Mayoral Committee	ANC	50%	50%
MOEKETSANE, BJ	Part	Municipal Services and Local Economic Development Portfolio Com Environment Portfolio Com	DA	75%	25%
MOELETSI, CL	Part	Corporate and Financial Management Services Portfolio Com Community Safety Portfolio Com	EFF	91.6%	8.4%

		Naming Portfolio Com MPAC			
MOGOEEMANG, KEG	Full	Speaker	ANC	100%	0%
MOGWATA, CN	Part	Social and Poverty Alleviation Portfolio Com  Municipal Services and Local Economic Development Portfolio Com	DA	75%	25%
MOILWA, I	Part	Corporate and Financial Management Services Portfolio Com  Municipal Services and Local Economic Development Portfolio Com  Environment Portfolio Com  Naming Portfolio Com MPAC	ANC	83.3%	16.7%
MOKAE, MS	Full	Member of Mayoral Committee	ANC	Passed on 11/4/2018	
MOKGETHI, RH	Part	Municipal Services and Local Economic Development Portfolio Com  Community Safety Portfolio Com  Naming Portfolio Com	ANC	66.6%	33.4%
MOKOENA, LD	Part	Social and Poverty Alleviation Portfolio Com  Technical Services Portfolio Com  Community Safety Portfolio Com  Sports, Arts and Culture Portfolio Com	ID	75%	25%

		Naming Portfolio Com			
MOLOTSI, GN				100%	0%
MOLAPISI, LG			ANC	91.6%	8.4%
MODISE, GAM				100%	0%
MOLETE, P	Full	Naming Portfolio Com Member of Mayoral Committee	ANC	91.6%	8.4%
MONAISA, BJ	Part	Social and Poverty Alleviation Portfolio Com Technical Services Portfolio Com Community Safety Portfolio Com Naming Portfolio Com MPAC	ANC	83.3%	16.7%
MONCHO, KS	Part	Naming Portfolio Com MPAC	ANC	100%	0%
MONTSHO, KL	Part	Social and Poverty Alleviation Portfolio Com Municipal Services and Local Economic Development Portfolio Com Community Safety Portfolio Com Sports, Arts and Culture Portfolio Com	ANC	100%	0%
MOOLMAN, HJ	Part	Corporate and Financial Management Services Portfolio Com	DA	41.6%	58.4%
MOROKENG, DM	Part	Social and Poverty Alleviation Portfolio Com Municipal Services and Local Economic Development Portfolio Com	ANC	83.3%	16.7%

		Sports, Arts and Culture Portfolio Com  MPAC Environment Portfolio Com  Naming Portfolio Com			
MORULANE, P	Part	Social and Poverty Alleviation Portfolio Com  Municipal Services and Local Economic Development Portfolio Com  Sports, Arts and Culture Portfolio Com	EFF	66.6%	33.4%
MOSENOGI, G	Part	Sports, Arts and Culture Portfolio Com  MPAC	DA	66.6%	33.4%
MOSIANE, MC	Part	Corporate and Financial Management Services Portfolio Com  Technical Services Portfolio Com  Community Safety Portfolio Com  Sports, Arts and Culture Portfolio Com  Environment Portfolio Com	ANC	91.6%	8.4%
MOTHOPENG, MS	Full	Member of Mayoral Committee	ANC	91.6%	8.4%
MOTLADIILE, AS	Part	Corporate and Financial Management Services Portfolio Com  Municipal Services and Local Economic Development Portfolio Com	ANC	91.6%	8.4%

		Community Safety Portfolio Com  MPAC  Sports, Arts and Culture Portfolio Com  Environment Portfolio Com			
NGOMEZULU, KJ	Part	Corporate and Financial Management Services Portfolio Com  Social and Poverty Alleviation Portfolio Com  Municipal Services and Local Economic Development Portfolio Com  Community Safety Portfolio Com	ANC	100%	0%
MOSOUNYANE			DA	100%	0%
NZUNGA, VA	Part	Environment Portfolio Com	DA		
OFENTSE, BL	Part	Technical Services Portfolio Com  Sports, Arts and Culture Portfolio Com  Environment Portfolio Com  Naming Portfolio Com	ANC	91.6%	8.4%
PIENAAR, PJ	Part	Technical Services Portfolio Com	DA	33.3%	66.7%
RAPHULU, MP	Part	Social and Poverty Alleviation Portfolio Com  Technical Services Portfolio Com  Environment Portfolio Com	EFF	75%	25%
STEYN, P	Part	Municipal Services and Local Economic Development Portfolio Com	FF+	100%	0%

		Naming Portfolio Com			
THULO, SM	Part	Corporate and Financial Management Services Portfolio Com  Social and Poverty Alleviation Portfolio Com  Technical Services Portfolio Com  Environment Portfolio Com  Naming Portfolio Com	ANC	100%	0%
VALIPATHWA, SP	Part		ANC	83.3%	16.7%
VAN ONSELEN, A	Part	Social and Poverty Alleviation Portfolio Com  Naming Portfolio Com		83.3%	16.7%
VAN ONSELEN, WN	Part		DA	100%	0%
VENTER, JM	Part	Corporate and Financial Management Services Portfolio Com	DA	50%	50%
XABA, JS	Part	Corporate and Financial Management Services Portfolio Com  Technical Services Portfolio Com  Community Safety Portfolio Com	EFF	75%	25%
ZERWICK, LJ	Part	Municipal Services and Local Economic Development Portfolio Com  Naming Portfolio Com	DA	75%	25%

ORDINARY AND SPECIAL COUNCIL MEETINGS		
TOTAL NUMBER OF MEETING HELD:		
TYPE OF MEETINGS	DATES	TOTAL NO. OF MEETINGS
Ordinary Council Meetings		
Ordinary Council	3 July 2018	6
Ordinary Council	31 July 2018	
Ordinary Council	20 Sept 2018	
Ordinary Council	4 Oct 2018	
Ordinary Council	30 Oct 2018	
Ordinary Council	4 Dec 2018	
Ordinary Council		
Ordinary Council		
Ordinary Council		
Ordinary Council		
Ordinary Council		
Special Council Meetings		
Special Council	16 May 2019	3
Special Council	30 May 2019	
Special Council	21June 2019	
Special Council		
Special Council		
Special Council		
PORFOLIO COMMITTEE MEETINGS		
TOTAL NUMBER OF MEETING HELD		
Mayoral Committee	10 July 2018	4
	5 September 2018	
	23 October 2018	
	15 October 2019	
	19 November 2019 (Did not take place)	
	18 June 2019 (Did not take place)	
MPAC	Special Meeting 29 August 2018 (No quorum) Peter Mokele Caucus Room 1 at 10:00	2
	27 September 2018 (No quorum) Council Chamber 10:00	
	29 November 2018 (Non attendance of members) Dundee Ntsoelengoe Caucus Room 2 at 10:00	
	13 June 2019 (Did not take place) Council Chamber at 09:30	
Budget Steering Committee	26 February 2019	2
	11 July 2018 (No quorum)	
	5 September 2018	
Social and Poverty Alleviation Committee		
Naming Committee	23/8/2018	2
Community Safety Committee	20/3/2019	
Environment Committee		
Sports, Arts and Culture Committee		
Technical Services Committee	15/8/2018	1

## COMMENTS

If the percentage for apologies for non-attendance is less than the percentage indicated for attended council meetings, it thus means that no apology was received and that the council member was absent without leave.



## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEE (OTHER THAN COUNCIL) AND PURPOSE OF COMMITTEES	
Municipal Committees	Purpose of Committee
<b>Municipal Public Accounts Committee MPAC</b>	Established in terms of guidelines issued by National Treasury, based on the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)
<b>Audit Committee</b>	Established in terms of Section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) - roles and responsibilities of the Audit Committee.
<b>Local Labour Forum</b>	As per the Organisational Rights Agreement and other issues with regard to the Conditions of Service of the SALGBC.
<b>Risk Management Committee</b>	<ol style="list-style-type: none"> <li>1. To manage enterprise risk management within the Council.</li> <li>2. To review, improve and recommend to the Accounting Officer for approval the risk management strategy developed by the Chief Risk Officer and implementation plans.</li> <li>3. To provide assurance to the Accounting Officer that all identified risks are being managed and oversee the risk management process of the Council, on behalf of the Accounting Officer.</li> <li>4. To play an oversight role of the Council's risk management process and ensure compliance with all approved policies, procedures, and mitigation activities to address the overall risk profile in compliance with the department's risk strategy.</li> <li>5. To act as a central, coordinating management group ensuring that all related groups and committees identified within this strategy are working effectively and in accordance with the agreed upon risk management philosophy.</li> <li>6. To promote a culture in which risk management will continue to develop as an integral component of the department's activities by raising awareness and providing education on risk management throughout the Council.</li> <li>7. To review and approve the risk registers and risk response strategies developed by management and ensure that the risk registers include – <ol style="list-style-type: none"> <li>i) the risks identified;</li> <li>ii) the appropriate official and subgroup responsible for the monitoring of the risk;</li> <li>iii) the action plan to address the risks; and</li> <li>iv) the expected implementation date. When risks identified have been addressed and mitigated, the Chief Risk Officer shall amend the register accordingly. The risk will be downgraded to lower levels.</li> </ol> </li> <li>8. To review the developed framework which will ensure that the departments achieve compliance with all relevant statutory requirements.</li> <li>9. To monitor the management of significant risks including the emerging and prospective impacts,</li> </ol>

	<p>and review risk information and assessment methodologies.</p> <ol style="list-style-type: none"> <li>10. To challenge and examine the efficiency of the established risk, occupational health and safety processes, practices and locations.</li> <li>11. To act as a central resource for the personnel for guidance on Risk Management, Fraud Prevention, Disaster Management, Emergency Planning, Business Continuity, Quality Assurance, Monitoring and Evaluation, Internal Controls, Safety, Health and Environment (SHE) compliance, and related issues.</li> <li>12. To oversee and maintain an effective system for the purchasing of new and used equipment to ensure adherence to SHE, risk management, controls and legislation.</li> <li>13. To review incident reporting statistics and investigation reports for possible impact on risk, and provide a proactive response to reported claims and incidents.</li> <li>14. To create a focus for all risk improvement activities leading where possible to improve terms on insured and self-insured risks.</li> <li>15. To ensure that minutes and resolutions of the Risk Management Committee is submitted on a regular basis to the Accounting Officer and Audit and Risk Committee.</li> <li>16. To take responsibility for effective and timely communication of risk management issues throughout the Departments.</li> <li>17. To ensure that adequate resources are allocated appropriately to address identified risk areas.</li> <li>18. To review and assess the integrity of the risk control systems and ensure that the risk management policies and strategies are effectively managed.</li> <li>19. To monitor external developments relating to the practice of corporate accountability and the reporting of Specifically associated risk including emerging and prospective impacts.</li> <li>20. To provide an independent and objective oversight and review of the information presented by management on corporate accountability and specifically associated risks, also taking into account of reports by management and the Audit and Risk Committee to the Accounting Officer on financial, business and strategic risks.</li> <li>21. To set the risk appetite and tolerance for the Municipality and recommend for approval by the Accounting Officer.</li> <li>22. To review and approve any risk disclosures in the Annual Financial Statements.</li> <li>23. To review the Anti-Fraud Prevention Policy and recommend for approval by the Accounting Officer.</li> <li>24. To review any findings and recommendations of the external auditors, internal auditors or other parties in relation to risk management.</li> </ol>
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<b>Whips Meeting</b> (consisting of Whips of all the political parties)	Established to deal with urgent Council matters which may have a detrimental effect of the Council.
<b>Council Resolution Monitoring Committee</b>	<p>Established in terms of Section 79(1) of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998).</p> <p>To monitor the implementation of Council Resolutions every two weeks in order to establish the reasons why the resolutions had not been implemented and recommend appropriate remedial action.</p>

## APPENDIX C – THIRD TIER ADMINISTRATION STRUCTURE

THIRD TIER STRUCTURE	
Directorate	Name of Manager
<b>OFFICE OF THE MUNICIPAL MANAGER</b>	
Municipal Manager	L. Ralekgetho
Community Services and LED(Sports, Arts, and Culture)	C. Henry
Infrastructure Development	Vacant
Corporate Services	B.M.B Mosepele
Community Safety	O. Masibi
Finance Department	T. Moeketsane
Manager in the Office of the Municipal Manager	L. Mokgoje
Internal Audit	G. Van Der Berg
Risk Management	T. Zubane
PMU	K. Baatlhodi
MISS	T. Maluleke
<b>OFFICE OF FINANCE:-</b>	
Deputy Chief Financial Officer	C.W. K Kgosiemang
Creditors Manager	E. Hall
SCM Manager	T. Modikwe
Revenue Manager	M. De Villiers
Budget and Reporting	Vacant
<b>OFFICE OF CORPORATE SERVICES</b>	
Office of the Mayor	
Office of the Speaker	M. Mphasa
SDF	G. Modise
HR	M. Human
ICT	M. Mkhonto
IDP	Vacant
M & E	S. Serobatse
Council Admin	P. Nzimankulu
<b>OFFICE OF COMMUNITY SERVICE</b>	
Library	Z. Dlavane
Environmental Management	Henricko
LED	
Parks	T. Moswedi
Tourism	
<b>COMMUNITYSAFETY</b>	
Traffic	MD. Grimbeeck
Disaster Management	VT. Khupari
Fire	DI. Semase
License	GV Dunywa

## APPENDIX D - FUNCTION OF MUNICIPALITY

MUNICIPALITY FUNCTIONS	Function Applicable to Municipality (YES/NO)
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal public works only i.r.o the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	
Storm water management system in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to portable water supply systems and domestic waste-water and sewage	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlors	Yes
Crematoria	No
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	
Municipal parks and recreation	Yes
Municipal road	Yes
Pounds	
Public places	Yes
Refuses removal, refuse dumps and solid waste disposal	Yes
Street lighting	Yes
Traffic and parking	Yes
Street trading	Yes

## APPENDIX E – WARD REPORTING

FUNCTIONALITY OF WARD COMMITTEE						
WARD NO	Name of Ward Council or	Elected Ward Committee Members	Committee established (yes/no)	Number of monthly committee meetings held during the year	Number of monthly reports submitted to Speaker office on time	Number of quarterly public Meeting
01	Komani Moses Maneli	1. Komani Moses Maneli 2. Lephoi MP 3. Sekgatle FL 4. Reu KO 5. Mthimkhulu LM 6. Hobe DB 7. Deyi MS 8. Lekgweba FD 9. Ramotena JM 10. Ramotena MM	Yes	08	08	14 -
02	Gavin George Edwards	1. Gavin George Edwards. 2. chalyne kanes. 3.suzette Oosthuizen. 4.Dick Du Plessis. 5.Louse Huma. 6.De Henstock. 7.E.D Moralo 8.Kobus Roux 9.Rudi du Toit 10.Sorhia Sekati	Yes	Following the resignation of Councillor GG Edwards in Ward 02 (Post National and Provincial Government Elections), the Office of the Speaker and a representative from the Office of the Executive Mayor has attended to all matters relating to service delivery in the Ward. After the By Elections in September 2019, the Ward Councillor G Laing, has not yet called a Public or Ward Committee meeting. (The Ward Councillor has however submitted a plea to the Speaker, to re-instate the Ward Committee that served with and or under the leadership of CLLR GG Edwards.		
03	Anne Van Onselen	1. Anne Van Onselen 2. Roux A 3. Malan L 4. Botha GH	Yes	12	09	03

		5. Fourie J 6. Van Wyk JG 7. Schutte EJ 8. Erasmus J 9. Wetwedich D 10.				
04	Ludwig Johannes Zerwick	1. Ludwig Johannes Zerwick 2. Railie Prinsloo 3. Danie Diedericks 4. Mamie Sepeng 5. Nols Kondile 6. Eva Lebeko 7. Moses Matlhaku 8. Ivan Ramasimong 9. Cecillia du Plessis 10. Dustin Wetdewich 11. Madelaine Zerwick	Yes			
05	Japer Maarten Venter	1. Japer Maarten Venter 2. Smit WE 3. Botha CB 4. De Villiers L 5. De Villiers W 6. Holtzhausen H 7. Kilbourn ES 8. Kruger JC 9. Nells SJ 10. thiar JHA 11. Tiedt LR	Yes	12	05	05
06	Bosigo Jafta Monaisa	1. Bosigo Jafta Monaisa 2. Ncezo EJ 3. Makokoe KW 4. Kalaote MM 5. Msothwana ME 6. Masilo MM 7. Tloome MS 8. Ntshuntsha JV 9. Sindwa MS 10.	Yes	08	06	06
07	Annette Louise Combri nk	1. Annette Louise Combrink 2. Immelman MJ 3. Van Wyk AM 4. Erasmus SP 5. Claasesens R 6. Greyvenstein MM 7. Pretorius M 8. Smit JA 9. Van Der Merwe P 10. Verster E	Yes	12	05	05
08	Kgosimang Elisa George Mogoeemang	1. Kgosimang Elisa George Mogoeemang 2. MF Ebiditse 3. H.m Bovula 4. MR. Gaboutlwelwe 5. PM Legoete 6. TLB Magome	Yes			

		7.PM Magwejane 8.TD Mawungelo 9.LM Ramatlotlo 10.RM SHABANGU				
09	Benjamin Leburu Ofentse	1. Benjamin Leburu Ofentse 2.Lerato Mokhema 3.John Pheto 4.Elsie Motsepe 5.W.E Shane 6.William Setlelo 7.Kgotatso Motaung 8.Ntsizi Mntlane 9.Kgotso Ratikwane. 10.	Yes			
10	Xolile George Chaka	1. Xolile George Chaka 2. Motshegare LO 3. Letshabo KJ 4. Matsena F 5. Nobatana ECN 6. Tau SM 7. Peach SP 8. Qaba MR 9. Hennicks AL 10. Mpshe MS 11. Olyn M	Yes	12	- 08	- 08
11	Kgojane Salome Moncho	1. Kgojane Salome Moncho 2.Angelina Kgatitsoe 3.Rachel Sesedinyane 4.Poline Seboni 5.Boiki Vana 6.Kedisaletse Seleke 7.Rudolph Nkoe 8.PSK Nkoe 9.A.Moletsune 10.Tselane Ratema 11.J.M.Masike	Yes			
12	Dudu Petrus Modise	1. Dudu Petrus Modise 2. Koena SS 3. Makgale SR 4. Segele MS 5. Lebeko MB 6. Sehularo MS 7. Morewa KR 8. Rantekane DM 9. Ntaopane LJ 10. Moseithi MY 11. Moloantsoa DA	Yes	09	13	- 13
13	Kelvin Arthur Johnson	1. Kelvin Arthur Johnson 2.Mojalefa Rammekwa 3.Mrilyn Matau 4.Ella Hilda Botha 5.Nellie Laurie 6.Euene Booyen 7.Khido May	Yes			



		8.Fortunate Thekiso 9.TS Moleme 10.Delton Bouwers 11.Fransman				
14	Matlho mola Lazarus Makoe	1. Matlhomola Lazarus Makoe 2. Derbyshire IC 3. Matshaba MJ 4. Nakedi MM 5. Rathabe GE 6. Malebo TP 7. Lambard MM 8. Manzi SM 9. Masiu NM 10. Bucwa PD 11. Sebe ET	Yes	09	05	- 05
15	Petrus Jacobus Pienaar	1. Petrus Jacobus Pienaar 2. Vermaak SC 3. Swanevelder HA 4. Mostert Z 5. Dunn HSC 6. Jansen Van Rensburg S 7. Nel W 8. Van Lill JJ 9. Scheepers LC 10. Jansen Van Rensburg	Yes	12	04	- 04
16	Atang Jacob Malinga	1. Atang Jacob Malinga 2. MJ Makhaza 3. TJ Ratikwane 4. MM Mafoko 5. MM Maputle 6. KDMokolokolo 7. ML Bogatsu 8. ML Sithebe 9. C Masike 10.	Yes			
17	Kastri John Ngomez ulu	1. Kastri John Ngomezulu 2. Phamudi EL 3. Makgoere PM 4. Mohlakoana TP 5. Siegelaar S 6. Thupe K 7. Moeng KA 8. Johson TW 9. Pheko KS 10. Mabaso ST	Yes	11	- 16	- 16
18	Sabata Johann es Kgantic oe	1. Sabata Johannes Kganticoe 2. W Manzini 3. P Thane 4. L Menzi 5. M Sawana 6. S Manyiki 7. P zwane 8. D Souls 9. T Khala	Yes			

		10.G Plaatjie				
19	Mpho Patricia Kgasane	1. Mpho Patricia Kgasane 2. MS Tsimane 3. KE Ramatse 4. KS Jack 5. NB Qubu 6. PM Getyese 7. KS Faku 8. BR Letebere 9. K. Batman 10. ND Sedupane	Yes			
20	Kedibone Lenah Montsho	1. Kedibone Lenah Montsho 2. Lebogang Honoko 3. Richad Ramalisa 4. Motladile Nongane 5. David Palmer 6. Kate Molaiwa 7. 8. 9. 10.	Yes			
21	Rufane Alistair Makousa	1. Rufane Alistair Makousa 2. 3. 4. 5. 6. 7. 8. 9. 10.	Yes			
22	Sandra Brits	1. Marais c 2. Nel MD 3. Kruger M 4. Rautenbach A 5. Spamer MIA 6. Muller CP 7. Rademeyer RM 8. Lucas CJ 9. Jacobs G 10. Meyer J	Yes	12	12	No Public Meeting held only IDP Meetings and MPAC Meeting
23	Jacobus Johannes Esterhuysen	1. Britz Pieter 2. Buter Gerrit 3. Esterhuysen Jaco 4. Gorekwal Irene 5. Oosthuizen Tertia 6. Putter Neels 7. Schoeman Monty 8. Scholtz Saartjie 9. Jansen van Rensburg 10. Van der Merwe Althe	Yes	12	12	No Public Meeting held only IDP Meetings and MPAC Meeting
24	Jeanne Marguerite	1. L Du Plissie 2. Tj Rossouw 3. Rj Rossouw	Yes			

	Adriaanse	4.F AR Landsberg 5.P Redelinghuys 6.C Van der Merwe 7.SM Richards 8.I Hatting 9.R Langsberg 10.C De Beer				
25	Abraham Albertus Le Roux	1. Harris PM 2. Coetzee B 3. Verhoef A 4. Du Preez LH 5. Jacobs AE 6. Moerdyk GLP 7. Waanders MP 8. Du Plessis M 9. Harris PM 10.	Yes	12	03	- 03
26	Pule Trevor Letshabo	1. Makroto PZ 2. Jantjies SD 3. Mokole NE 4. Boikanyo NE 5. Seele SJ 6. Pitseng MP 7. Molefe EM 8. Semanga AS 9. 10.	Yes	09	13	- 13
27	Mahaisa Samuel Mothopeng	1.AK Tsimane 2.WT Koen 3.MM Tlotleng 4.OK Sohom 5.LK Xhungu 6.AM.Sekano 7.TG Lesenyego 8.KE Mopalani 9.MW Moeng 10.SS May	Yes			
28	Shorty Paul Valipathwa	1.LN Jezile 2.Hester Galie 3.Joyce Mogoeliseng 4.Letty Titios 5.Pugiso Malebo 6.Petrus Siganlo 7.Shorty Valipathwa 8.Marcia Phefo 9. 10.	Yes	12	10	06
29	Manuel Molathegi Katees	1.Welile Phokela 2.Serati Matome 3.Kefilwe Matiane 4.Pauline Mokone 5.Zimikele Plaatjie 6.Vuelwa Radebe 7.RV Mataboge 8.MM Katees 9. 10.	Yes	12	12	12 Public Meeting ,2 IDP Meeting and 2 MPAC
30	Maria Mapule Mataboge	1.Boitumelo Mokgweetsi 2.Mapule Mogade 3.Alletta Mongale	Yes	12	12	4 Public Meeting and 1 IDP Meeting

		4.Zacharia Booie 5.Mokong Mokgosane 6.Matshidiso Molebatsi 7.Klaas Mokoena 8.Tshenolo Modise 9.Abel Bezuidenhout 10. Maria Mapule Mataboge				and MPAC Meeting
31	Alleta Serame Motladile	1.Elsie Radebe 2.Phindile Mazwi 3.Nomakhepu Masetsoe 4.Zeze Moloko 5.Kedibone Moate 6.Steven Ngakane 7.Maebuti More 8.Motheo Sophy 9.Alleta Motladile 10.	Yes	12	12	30 Sectional Meetings ,3 IDP Meeting and 1 MPAC
32	Daniel Melato Morokeng	1.Daniel Morokeng 2.Mohammed I Kara 3.John David Timmerman 4.Gaafela Boikanyo 5.Petrus Mathabe 6.Sarah Rakhetsi 7.Joyce Morokeng 8.Maria Digwamaje 9.Dan Seleke 10.Andrew Brown	Yes	12	12	25 Sectional Meetings
33	Dinah Mpho Matsapola	1.Mpho Matsapola 2.Cristinah Tau 3.Maria M Lekitlane 4.Keikantse Korae 5.Festinah Sehawa 6.Olebogeng Mokwena 7.mbuti Cristinah Fana 8.Mantwa Mogapi 9.Dipuo Moleme 10.Tebogo Moseki 11.Matshidiso Molubi	Yes	12	12	36 Sectional Meetings.31 DP meetings and 3 MPAC Meetings
34	Ismael Moilwa	1. Ismael Moilwa 2.Plaatjie Na 3.Motlhabane GM 4.Modisane SM 5.Sizane YE 6.Molebatsi DO 7.Davids RN 8.Moeketsi JT 9.Molokk FK 10.Manzana	Yes	12	12	No public meeting ,1 MPAC Meeting

## APPENDIX F – WARD INFORMATION

WARD TITLE:WARD NAME NUMBER				
Capital Projects				
Ward No.	Project Name and Detail	Start Date	End Date	Project Value
Ward 32	Internal road constructed in Appelrai phase 3			5 132 815.95
Ward 20	Road and Storm water constructed in Extension 7			5 538 454.85
Ward 14	upgrade Sewer in Ikageng proper (Phase D)	2017/10/16	2018/03/16	4 302 974.15
Ward 32	Upgrade bulk water reticulated in Boikhutso	2016/11/18	2018/01/19	8 974 838.96
Ward 6,8,11,23,25	Extension of Asbestos Pipeline constructed in Ikageng	2015/10/21	2017/07/11	5 392 787.83
All wards	Waste water Treatment works upgraded in VSD			20 641 057.29
N12	Flood canal constructed in N12 Potchefstroom	2017/1/11	2018/04/01	8 353 881.19
	Rehabilitation of sink hole in Ikageng			3 667 514.28
Ward 32	Houses supplied with electricity connection in Boikhuts		2019/06/07	2 520 403.66
Ward 31	Houses supplied with electricity connection in Boikhuts		2019/06/07	2 869 901.28
Ward 9	Houses supplied with electricity connection in Ikageng ext 13	2019/03/26	2019/08/30	7 987 048.29
Ward 27	Houses supplied with electricity connection in Matlwang			1 397 644.44
Ward 4	Houses supplied with electricity connection in Ext 9			7 408 302.16
Ward 2	Houses supplied with electricity connection in Rysmier	2019/03/26	2019/06/27	4 372 389.21
	Constructed water reticulation in Ikageng Ext 13			6 212 563.25
	New Road rehabilitated in Felophepha			2 987 455.77
	Taxi rank and 10 hawkers stalls constructed in Ikageng Ext 7	2018/01/25	2018/07/12	6 079 714.00
Ward 6	Light industrial park constructed in Ikageng	2019/02/08	2020/03/27	11 375 844.21
Ward 12	Disaster management centre constructed in Tlokwe	2018/02/20	2019/05/31	5 211 267.61

# APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2018/2019

MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee recommendations during 2018/2019	Recommendations adopted (enter Yes) if not adopted (provide explanation)
29/08/2018	<ol style="list-style-type: none"> <li>1. That cognisance be taken of the verbal presentation made by TE Moeketsane, Chief Financial Officer accompanied by L Nyatanga, Senior Consultant from Grant Thornton Consultants, on the Annual Financial Statements for the JB Marks Local Municipality for the year ending 30 June 2018.</li> <li>2. That the report on the Draft Annual Financial Statements for the JB Marks Local Municipality for the year ending 30 June 2018 be REFERRED BACK to the Chief Financial Officer for amendments as discussed at the meeting.</li> <li>3. That the amendments to the Annual Financial Statements for the year ending 30 June 2018 as requested by the Audit Committee, be made before submission to the Auditor-General, National Treasury and Provincial Treasury on 31 August 2018</li> </ol>	Yes
29/08/2018	<ol style="list-style-type: none"> <li>1. That cognisance be taken that the information received by the Audit Committee on the Annual Performance Report was at the first stage of a draft document and therefore the Audit Committee could not engage on the Draft Annual Performance Report.</li> <li>2. That cognisance be taken of the highlights and challenges experienced by DS Jantjies, Performance Management Systems Manager, on the drafting of the Annual Performance Report.</li> <li>3. That cognisance be taken of the non-cooperation of the Acting Accounting Officer and Directors experienced by DS Jantjies, Performance Management Systems Manager, on the drafting of the Annual Performance Report.</li> <li>4. That the Draft Annual Performance Report be REFERRED BACK to the Performance Management Systems Manager to complete the report before submission to the Auditor-General, National Treasury and Provincial Treasury on 31 August 2018</li> </ol>	Yes
29/08/2018	<ol style="list-style-type: none"> <li>1. That internal processes be put in place to ensure that Annual Financial Statements are reliable.</li> <li>2. That the Chief Financial Officer develop an internal Action Plan to address the challenges identified by both management and the consultants during the compilation of the Annual Financial Statements.</li> </ol>	Yes

18/10/2018	<ol style="list-style-type: none"> <li>1. That the Assistant Director: Internal Audit ensure that the Chairperson of the Risk Management Committee be invited to the next Audit Committee Meeting to present the Risk Management Report.</li> <li>2. That the Assistant Director: Internal Audit schedule a meeting between the Acting Accounting Officer, Assistant Director: Risk Management and the Chairperson of the Risk Management Committee and to discuss the status and operations of the Risk Management Committee.</li> <li>3. That the Assistant Director: Internal Audit schedule a meeting between the Audit Committee members and the Chairperson of the Risk Management Committee.</li> </ol>	Yes
18/10/2018	<ol style="list-style-type: none"> <li>1. That the Audit Committee take cognisance of the submission of the Annual Audit Plan.</li> <li>2. That the Audit Committee take cognisance of fact that the three year strategic rolling plan will be developed once risk assessment has been conducted and risk registers developed.</li> <li>3. That the Annual Audit Plan be revisited once the three year strategic rolling plan has been developed.</li> <li>4. That the Audit Committee review the attached Annual Audit Plan for approval.</li> </ol>	Yes
18/10/2018	That cognisance be taken that the Audit Committee noted the contents of the Section 71(1) Financial Report for the month ending 30 September 2018	Yes
18/10/2018	<ol style="list-style-type: none"> <li>1. That the Audit Committee take cognisance that Supply Chain Management is in progress of compliance with all legislation.</li> <li>2. That cognisance be taken that the Acting Accounting Officer must capacitate Supply Chain Management Unit with personnel to function fully.</li> <li>3. That cognisance be taken that the Acting Accounting Officer must capacitate bid committees with training.</li> </ol>	Yes
18/10/2018	That the Acting Accounting Officer ensure that a proper investigation be done and consequence management be implemented against employees involved in the procurement process of the Telephone System.	
18/10/2018	That the Acting Accounting Officer look into the possibility of outsourcing the job evaluation process to ensure that the correct job descriptions be completed whereafter advertisement of vacant positions can commence.	Yes
18/10/2018	That the Acting Accounting Officer look into the possibility of interns from Provincial Treasury to assist with the staff shortage in the Audit Committee Unit.	Yes
10/12/2018	That the Assistant Director: Internal Audit ensure that the Chairperson of the Risk Management Committee be invited to the next Audit Committee Meeting to present the Risk Management Report	Yes
10/12/2018	That the Acting Assistant Director Corporate Services ensure that the updated report to be submitted must	Yes

	include amounts where needed at the next Audit Committee Meeting	
10/12/2018	That the Recruitment Process Policy be reviewed urgently.	Yes
	That the Audit Committee took cognisance of the Mid-Term Budget and Performance Report as presented by the Chief Financial Officer and the Performance Management Systems Manager, and the report be submitted to the next Ordinary Council Meeting scheduled for 29 January 2019.	Yes
23/01/2019	<ol style="list-style-type: none"> <li>1. That the Audit Committee took cognisance of the Draft Annual Report as presented by the Performance Management Systems Manager and that the Draft Annual Report will be submitted to the next Ordinary Council Meeting scheduled for 29 January 2019</li> <li>2. That cognisance be taken that the Auditor-General allowed the adjustment on the Annual Financial Statements as entailed in the Draft Annual Report.</li> </ol>	Yes
23/01/2019	That the process of performance assessment of the Section 56/57 Managers must commence in February 2019, and that all necessary documentation be prepared for the Audit Committee accordingly	No
21/05/2019	That the Director Corporate Services submit a time bound plan to the Accounting Officer, on how vacancies will be filled	No
21/05/2019	That cognisance be taken of the report on the Submission of Draft Annual Financial Statements for the period 1 July 2018 to 28 February 2019	Yes
21/05/2019	That cognisance be taken of the financial report for the month ending 31 March 2019, that the report be submitted in both an electronic and hard copy format to the National and Provincial Treasury, be placed on the municipal website and that the report also be submitted to the Municipal Public Accounts Committee (MPAC).	Yes
21/05/2019	That cognisance be taken of Tenders received, evaluated, adjudicated and awarded during the second quarter of the 2018/2019 financial year.	Yes
21/05/2019	That cognisance be taken of the Overtime Audit Report	Yes
21/05/2019	That cognisance be taken of report on the 2017/2018 Post Audit Action Plan (PAAP) implementation status.	Yes
21/05/2019	That cognisance be taken of the Risk Assessment report 2018/2019	Yes
21/05/2019	That the Chief Financial Officer in consultation with the Director Corporate Services ensure that a comprehensive report with regard to the procurement of the Telephone System, that includes the background and a way forward, be submitted to the next Audit Committee Meeting.	No
21/05/2019	That the Chief Legal Officer seek the necessary background information on whether Council gave consent to the attorney to appoint two Senior Counsels on the legal matter, whereafter a report be submitted to the next Audit Committee Meeting	Yes
21/05/2019	That the Accounting Officer look into other avenues where Council do not have to pay for the drafting and review of policies.	In progress



21/05/2019	That the Directorate Corporate Services consult the Chief Labour Relations Officer: Collective Bargaining with regard to the contractual issues of the Director Sports, Arts and Culture relating to the functions of the Director Municipal Services and Local Economic Development.	In progress
21/05/2019	That the Director Corporate Services after consulting the Chief Labour Relations Officer: Collective Bargaining submit a report on the contractual issues of the Director Sports, Arts and Culture to the next Council Meeting.	No
21/05/2019	That the Accounting Officer in consultation with the Director Corporate Services embark on a process on finalising job descriptions of employees of the JB Marks Local Municipality.	No
21/05/2019	That the Assistant Director: Internal Audit in consultation with the Audit Committee Chairperson include in the Audit Committee's quarterly report, advice to Council to reconsider the Council Resolution taken on appointment of a forensic investigator and consider the processes which need to be followed, as expenditure spent on a forensic investigation could be classified by the Auditor-General as being irregular.	Yes
21/05/2019	That the Accounting Officer ensure that all relevant policies be formulated for the JB Marks Local Municipality to ensure that the correct guidelines are used in decision making.	In progress
21/05/2019	That the Accounting Officer ensure that the forms that are used in the Ventersdorp Region for the approval and management of overtime, be distributed to the Tlokwe Region in order to manage the approval of overtime in the JB Marks Local Municipality.	Yes
21/05/2019	That the Chairperson of the Risk Management Committee submit a comprehensive report that include the Plan of Action on how to address the Risk matters in the JB Marks Local Municipality to the next Audit Committee Meeting.	Yes
21/05/2019	That the Accounting Officer ensure that the Draft Annual Budget for the 2019/2020 financial year in terms of the Medium Term Revenue and Expenditure Framework be submitted to Audit Committee members for perusal and approval.	Yes
21/05/2019	That the Accounting Officer ensure that the third quarter SDBIP be submitted to Audit Committee members for perusal and approval	Yes

## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

LONG TERM CONTRACTS (LARGEST CONTRACTS ENTERED INTO DURING 2018)				
Name of Service Provider	Description of Services Provider	Start date of contract	Expiry date of contract	Project manager
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

## APPENDIX J – DISCLOSURE OF FINANCIAL INTEREST

DISCLOSURE OF FINANCIAL INTERESTS PERIOD 1 JULY 2018 TO 30 JUNE 2019		
Position	Name	Description of Financial interest (nil/ or details)
Executive Mayor		
Speaker		
Councillors		
	NO DISCLOSURE OF FINANCIAL INTERESTED REPORTED FOR POLITICIANS	
SECTION 56 & 57 MANAGERS		
Municipal Manager	<p>DISCLOSURE OF FINANCIAL INTEREST FORMS COMPLETED AND AUDITED, DUE TO CONFIDENTIALITY OF THE INFORMATION, WE WILL NOT LIST DIRECTOR'S FINANCIAL DISCLOSURE IN THE ANNUAL REPORT 2018/2019.</p>	
Chief Financial Officer		
Director Infrastructure Services		
Director Municipal Safety		
Director Corporate Services		
Director Community Services and LED (Director Sports, Arts and Culture)		

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year -1	Current: Year 2018/2019			Year 2018/19 Variance %	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive Mayor	4	–	–	–	0.00%	0.00%
Vote 2 - Office of the Speaker	–	–	–	–	0.00%	0.00%
Vote 3 - Municipal Manager	–	–	–	1	100%	100%
Vote 4 - Budget and Treasury Office	458 836	456 192	452 900	508 071	10%	11%
Vote 5 - Public Safety	89 330	99 817	97 646	176 888	44%	45%
Vote 6 - Corporate Services	1 521	286	–	2 740	90%	100%
Vote 7 - Infrastructure	976 038	884 083	925 920	974 439	9%	5%
Vote 8 - Environmental Management	67 233	63 548	67 488	51 966	-22%	-30%
Vote 9 - Sports, Arts and Culture	9 900	4 104	3 858	5 096	19%	24%
Vote 10 - Human Settlement and Planning	88 963	2 518	2 274	4 459	44%	49%
Vote 11 - Economic Development	4 119	2 223	2 203	2 244	1%	2%
Total Revenue by Vote	1 695 943	1 512 772	1 552 290	1 725 903	12%	10%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						T K.1

## APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	Year 2017/18	Year 2018/19			Year 0 Variance %	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	164 374	174 268	171 054	177 751	2%	4%
Property rates - penalties & collection charges	–	–	–	–	0.00%	0.00%
Service Charges - electricity revenue	665 489	704 219	735 328	658 965	-7%	-12%
Service Charges - water revenue	114 253	108 027	112 627	115 018	6%	2%
Service Charges - sanitation revenue	62 059	66 560	71 920	65 028	-2%	-11%
Service Charges - refuse revenue	49 761	61 753	65 600	49 761	-24%	-32%
Service Charges - other	–	–	–	–	0.00%	0.00%
Rentals of facilities and equipment	6 737	3 642	3 263	6 148	41%	47%
Interest earned - external investments	21 599	18 177	18 177	27 402	34%	34%
Interest earned - outstanding debtors	33 148	22 790	33 450	39 957	43%	16%
Dividends received	3 602	–	–	4	100%	100%
Fines	84 667	85 455	85 432	160 380	47%	47%
Licences and permits	3 484	14 074	5 320	5 805	-142%	8%
Agency services	8 496	–	6 665	10 077	100%	34%
Transfers recognised - operational	223 187	241 906	232 506	241 373	0%	4%
Other revenue	36 543	11 341	10 948	40 640	72%	73%
Gains on disposal of PPE	–	560	–	–	0.00%	0.00%
Environmental Protection	–	–	–	–	0.00%	0.00%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 473 802</b>	<b>1 512 772</b>	<b>1 552 290</b>	<b>1 598 310</b>	<b>5,35%</b>	<b>2,88%</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						<i>T K.2</i>

## APPENDIX L: CONDITIONAL GRANTS RECEIVED

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
<i>Integrated National Electrification Program</i>	23 917	23 917	30 667	28%	28%	
Water Service Infrastructure	20 000	20 000	20 000	0%	0%	
Regional Bulk Infrastructure	12 386	12 386	12 386	0%	0%	
Energy Efficiency and Demand Management	–	–	4 926	100%	100%	
<b>Total</b>	<b>56 303</b>	<b>56 303</b>	<b>67 979</b>	<b>21%</b>	<b>21%</b>	
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG), which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.						T L

## APPENDIX M: CAPITAL EXPENDITURE – NEW PROGRAMMES

Capital Expenditure - New Programmes				
R '000				
Description	2017/18	Current year 2018/2019		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<u>Capital expenditure by Asset Class</u>				
<u>Infrastructure - Total</u>	136 945	91 708	125 860	127 593
Infrastructure: Road transport - Total	33 800	15 500	25 842	59 614
Roads, Pavements & Bridges	33 800 345	15 500 000	25 841 616	59 613 877
Storm water				
Infrastructure: Electricity - Total	4 332	24 917	35 131	35 593
Generation				
Transmission & Reticulation	4 331 816	24 916 500	35 131 383	35 592 843
Street Lighting				
Infrastructure: Water - Total	39 120	45 386	44 662	32 386
Dams & Reservoirs				
Water purification	39 119 592	45 386 000	44 661 505	32 386 047
Reticulation				
Infrastructure: Sanitation - Total	58 282	5 905	20 225	–
Reticulation				
Sewerage purification	58 281 895	5 905 310	20 225 175	–
Infrastructure: Other - Total	1 411	–	–	–
Waste Management	1 411	–	–	–
Transportation				
Gas				
Other				
<u>Community - Total</u>	15 483	27 686	29 643	9 309
Parks & gardens				
Sportsfields & stadia	9 371 221	8 500 000	4 486 957	7 616 262
Swimming pools				
Community halls				
Libraries	234 295	3 170 000	3 495 652	1 693 142
Recreational facilities	1 395 020	3 370 000	3 756 522	
Fire, safety & emergency	4 482 607	12 646 000	17 904 129	
Security and policing				
Buses				
Clinics				
Museums & Art Galleries				
Cemeteries				
Social rental housing				
Other				
Table continued next page				
Table continued from previous page				
Capital Expenditure - New Assets Programme*				
R '000				
Description	Year -1	Year 0		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<u>Capital expenditure by Asset Class</u>				
<u>Heritage assets - Total</u>	–	–	–	5 229
Buildings				5 228 589
Other				
<u>Investment properties - Total</u>	346	–		–

Housing development	346 257	0	0	0
Other				
<b>Other assets</b>	4 668	13 053	28 073	10 888
General vehicles				
Specialised vehicles				
Plant & equipment				
Computers - hardware/equipment				
Furniture and other office equipment				
Abattoirs				
Markets				
Civic Land and Buildings				
Other Buildings				
Other Land				
Surplus Assets - (Investment or Inventory)				
Other	4 667 880	13 052 690	28 072 653	10 888 115
<b>Agricultural assets</b>	-	-		-
List sub-class				
<b>Biological assets</b>	-	-		-
List sub-class				
<b>Intangibles</b>	-	-		-
Computers - software & programming				
Other (list sub-class)				
Total Capital Expenditure on new assets	157 442	132 447	183 576	153 019
<b>Specialised vehicles</b>	-	-		-
Refuse				
Fire				
Conservancy				
Ambulances				

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)



## APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2018/2019

No.	Project Name	Original Budget	Adjusted budget	Actual Budget Expenditure	Status as end of June 2019	Variance
1	Internal road constructed in Appelraai Ward 32	5 000 000.00	5 132 815.95	5 132 815.95	Construction in progress	90%
2	Road and Storm water constructed in Extension 7 Ward 20	6 500 000.00	N/A	5 538 454.85	Construction in progress	85%
3	upgrade Sewer in Ikageng proper (Phase D) (ward 14)	4 500 000.00	N/A	4 302 974.15	Construction in progress of	95%
4	Upgrade bulk water reticulated in Boikhutso Ward 32	10 000 000.00	N/A	8 974 838.96	Construction in progress of	90%
5	Extension of Asbestos Pipeline constructed in Ikageng	12 386 000.00	N/A	5 392 787.83	Completed.	44%
6	Waste water Treatment works upgraded in VSD (all Wards)	20 000 000.00	N/A	20 641 057.29	Completed.	103%
7	Flood canal constructed in N12 Potchefstroom	N/A	8 000 000.00	8 353 881.19	Construction with progress	104%
8	Rehabilitation of sink hole in Ikageng	N/A	4 000 000.00	3 667 514.28	Construction in progress	92%
9	Houses supplied with electricity connection in Boikhutso Ward 30	3 317 000.00	N/A	2 520 403.66		76%
10	Houses supplied with electricity connection in Boikhuts ward 31	3 317 000.00	N/A	2 869 901.28		87%
11	Houses supplied with electricity connection in Ikageng	2 867 500.00	10 385 000.00	7 987 048.29		279%
12	Houses supplied with electricity connection in Matlwang	1 897 500	N/A	1 397 644.44		74%
13	Houses supplied with electricity connection in Ext 9	N/A	9 601 364.00	7 408 302.16		77%
14	Houses supplied with electricity connection in Rysmierbuilt	5 000 000.00	N/A	4 372 389.21		87%
15	Constructed water reticulation in Ikageng Ext 13	8 500 000.00	6 363 526.00	6 212 563.25	Construction in progress	73%
16	New Road rehabilitated in Felophepha	N/A	6 500 000.00	2 987 455.77	Planning Completed.	50%
17	Taxi rank and 10 hawkers stalls constructed in Ikageng Ext 7	3 592 690.00	7 015 493.00	6 079 714.00	Project Completed.	169%
18	Light industrial park constructed in Ikageng	12 000 000.00	N/A	11 375 844.21	Construction in progress	95%
19	Disaster management centre constructed in Tlokwe ward12	11 246 000.00	14 246 000. 00	5 211 267.61	Construction in progress	46%

**APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0**

**NOT APPLICABLE**

**APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS**

**NOT APPLICABLE**

**APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER  
SPHERES OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION**

**NOT APPLICABLE**

**APPENDIX R – DECLARATION OF LOANS AND GRANTS AND GRANTS MADE BY THE  
MUNICIPALITY**

**NOT APPLICABLE**

**VOLUME 11**

**ANNEXURE A**



JB Marks Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2019

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## General Information

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<b>Legal form of entity</b>	Municipality
<b>Nature of business and principal activities</b>	Provision of municipal services to communities within the JB Marks local jurisdiction
<b>Mayoral committee</b>	
Executive Mayor	Hon Cllr KM Khumalo Hon Cllr KEG Mogoemang -Speaker Hon Cllr DM Matsapola - Chief Whip
Councillors	Cllr Maneli KM Cllr Modise DP (Deceased) Cllr Johnson KA Cllr Kgasane MP Cllr Mothopeng MS Cllr Louw EH (Deceased) Cllr Mkhabela LM Cllr P Molete
<b>Grading of local authority</b>	B2
<b>Chief Finance Officer (CFO)</b>	TE Moeketsane
<b>Accounting Officer</b>	L Ralekgetho CP Henry (Acting) M Jansen (Acting)

# **JB Marks Local Municipality**

Annual Financial Statements for the year ended 30 June 2019

## **General Information**

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<b>Business address</b>	35 Wolmarans Street Potchefstroom, 2531 South Africa
<b>Postal address</b>	P.O Box 113 Potchefstroom, 2520 South Africa
<b>Auditors</b>	Auditor General South Africa
<b>Website</b>	<a href="http://www.jbmarks.gov.za">www.jbmarks.gov.za</a>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Index

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Cash Flow Statement	267
Statement of Comparison of Budget and Actual Amounts	268 - 269
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COIDA	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
AC	Audit Committee
VAT	Value Added Tax

# **JB Marks Local Municipality**

Annual Financial Statements for the year ended 30 June 2019

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 261 to 355, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2019 and were signed on its behalf by:

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Accounting Officer



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2019.

### 1. Review of activities

#### Main business and operations

Net deficit of the municipality was R 12 726 684 (2018: deficit R 94 582 662).

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the year.

### 4. Accounting policies

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act 2003 (Act NO. 56 of 2003) (MFMA) and the Division of Act South Africa (Act No 2 of 2013) (DoRA).

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report are as follows:

Name	Nationality
L Ralekgetho	South African
CP Henry (Acting)	South African
M Jansen (Acting)	South African

### 6. Corporate governance

#### General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

#### Audit and risk committee

The Audit Committee has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee, consisting of independent outside members, has met at least four times per annum as per its approved terms of reference, although additional special meetings were held.

The AC reviewed functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets is concerned and submission of portfolio of evidence timeously.

The AC is of the opinion that municipality's risk management appears to be ineffective for the better of the year and material respect, and the municipality did implement a comprehensive risk management strategy and related policies.

## **JB Marks Local Municipality**

Annual Financial Statements for the year ended 30 June 2019

### **Accounting Officer's Report**

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#### **7. Auditors**

Auditor General South Africa will continue in office for the next financial period.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	142 373 156	139 706 598
Receivables from non-exchange transactions	4	17 112 876	9 209 618
VAT receivable	6	15 775 536	23 640 315
Consumer debtors	5	252 457 440	231 987 426
Cash and cash equivalents	7	239 794 548	230 929 696
		<b>667 513 556</b>	<b>635 473 653</b>
<b>Non-Current Assets</b>			
Investment property	8	53 689 956	53 689 956
Property, plant and equipment	9	3 830 902 970	3 933 912 225
Intangible assets	10	13 447 916	9 313 701
Heritage assets	11	63 035 869	63 123 137
Other financial assets	12	57 302 252	52 255 221
		<b>4 018 378 963</b>	<b>4 112 294 240</b>
Non-Current Assets		4 018 378 963	4 112 294 240
Current Assets		667 513 556	635 473 653
<b>Total Assets</b>		<b>4 685 892 519</b>	<b>4 747 767 893</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	13	-	23 439 311
Finance lease obligation	14	-	3 216 640
Payables from exchange transactions	15	300 195 609	286 936 043
Payables from non-exchange transactions	16	14 830	2 930 887
Consumer deposits	17	23 471 205	22 546 128
Employee benefit obligation	18	11 751 308	13 211 212
Unspent conditional grants and receipts	19	15 251 046	30 527 078
Provisions	20	2 024 433	2 024 433
		<b>352 708 431</b>	<b>384 831 732</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	14	-	2 130 256
Employee benefit obligation	18	171 347 811	188 293 037
Provisions	20	36 911 704	34 861 610
		<b>208 259 515</b>	<b>225 284 903</b>
Non-Current Liabilities		208 259 515	225 284 903
Current Liabilities		352 708 431	384 831 732
<b>Total Liabilities</b>		<b>560 967 946</b>	<b>610 116 635</b>
Assets		4 685 892 519	4 747 767 893
Liabilities		(560 967 946)	(610 116 635)
<b>Net Assets</b>		<b>4 124 924 573</b>	<b>4 137 651 258</b>
Accumulated surplus		4 124 924 573	4 137 651 258

\* See Note 50

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	22	888 771 867	891 561 896
Rental of facilities and equipment	23	6 148 402	6 737 187
Agency services		10 077 250	8 496 341
Licences and permits		5 804 699	3 484 451
Miscellaneous other revenue	25	38 667 456	29 183 669
Interest received	24	67 359 016	54 747 381
Dividends received	24	3 934	3 602
<b>Total revenue from exchange transactions</b>		<b>1 016 832 624</b>	<b>994 214 527</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	26	177 751 062	164 374 077
<b>Transfer revenue</b>			
Government grants & subsidies	27	368 966 130	346 919 819
Public contributions and donations	28	1 972 712	7 359 654
Fines, Penalties and Forfeits		160 380 209	84 667 029
<b>Total revenue from non-exchange transactions</b>		<b>709 070 113</b>	<b>603 320 579</b>
		1 016 832 624	994 214 527
		709 070 113	603 320 579
<b>Total revenue</b>	21	<b>1 725 902 737</b>	<b>1 597 535 106</b>
<b>Expenditure</b>			
Employee related costs	29	(424 770 241)	(410 799 827)
Remuneration of councillors	30	(26 461 495)	(26 067 633)
Depreciation and amortisation	31	(235 889 605)	(229 839 048)
Impairment loss/ Reversal of impairments	32	(4 719 257)	(10 696 583)
Finance costs	33	(3 868 540)	(5 230 931)
Lease rentals on operating lease		(229 237)	(711 756)
Debt Impairment	34	(274 020 696)	(227 561 767)
Repairs and maintenance	35	(66 121 255)	(84 419 371)
Bulk purchases	36	(500 890 596)	(464 429 469)
Contracted services	37	(88 870 377)	(103 531 488)
General Expenses	38	(98 845 785)	(122 607 186)
<b>Total expenditure</b>		<b>(1 724 687 084)</b>	<b>(1 685 895 059)</b>
		-	-
Total revenue		1 725 902 737	1 597 535 106
Total expenditure		(1 724 687 084)	(1 685 895 059)
<b>Operating surplus (deficit)</b>		<b>1 215 653</b>	<b>(88 359 953)</b>
Loss/gains on disposal of assets and liabilities		(13 952 667)	(6 233 292)
Fair value adjustments	39	10 330	10 583
		<b>(13 942 337)</b>	<b>(6 222 709)</b>
Operating surplus/deficit		(13 942 337)	(6 222 709)
Deficit before taxation		(12 726 684)	(94 582 662)
Taxation		-	-
<b>Surplus/(Deficit) for the period</b>		<b>(12 726 684)</b>	<b>(94 582 662)</b>

\* See Note 50

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	4 298 757 858	4 298 757 858
Adjustments		
Prior year adjustments	(66 523 938)	(66 523 938)
<b>Balance at 01 July 2017 as restated*</b>	<b>4 232 233 920</b>	<b>4 232 233 920</b>
Changes in net assets		
Surplus for the period	(94 582 662)	(94 582 662)
Total changes	(94 582 662)	(94 582 662)
<b>Restated* Balance at 01 July 2018</b>	<b>4 137 651 257</b>	<b>4 137 651 257</b>
Changes in net assets		
Surplus for the period	(12 726 684)	(12 726 684)
Total changes	(12 726 684)	(12 726 684)
<b>Balance at 30 June 2019</b>	<b>4 124 924 573</b>	<b>4 124 924 573</b>

\* See Note 50

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service charges and rates		764 128 964	854 646 840
Grants		350 774 044	348 572 392
Interest income		67 359 016	54 747 381
Dividends received		3 934	3 602
Other receipts		221 078 011	132 568 677
		<u>1 403 343 969</u>	<u>1 390 538 892</u>
<b>Payments</b>			
Employee costs		(469 636 866)	(419 704 854)
Suppliers		(736 499 463)	(754 388 957)
Finance costs		(1 818 446)	(1 366 319)
		<u>(1 207 954 775)</u>	<u>(1 175 460 130)</u>
Total receipts		1 403 343 969	1 390 538 892
Total payments		(1 207 954 775)	(1 175 460 130)
<b>Net cash flows from operating activities</b>	40	<b>195 389 194</b>	<b>215 078 762</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(153 018 875)	(171 197 182)
Proceeds from sale of property, plant and equipment	9	-	15 717 648
Purchase of other intangible assets	10	(4 134 215)	-
Purchases of heritage assets	11	(4 452)	(10 166)
Proceeds from sale of heritage assets	11	91 720	68 040
Net movements in financial assets		(5 036 701)	(4 351 190)
<b>Net cash flows from investing activities</b>		<b>(162 102 523)</b>	<b>(159 772 850)</b>
<b>Cash flows from financing activities</b>			
Settlement of other financial liabilities		(20 000 000)	(93 859)
Finance lease movements		(5 346 896)	(3 852 069)
Consumer deposits		925 077	2 226 042
<b>Net cash flows from financing activities</b>		<b>(24 421 819)</b>	<b>(1 719 886)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8 864 852</b>	<b>53 586 026</b>
Cash and cash equivalents at the beginning of the year		230 929 696	177 343 670
<b>Cash and cash equivalents at the end of the year</b>	7	<b>239 794 548</b>	<b>230 929 696</b>

\* See Note 50

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	940 558 499	44 916 367	<b>985 474 866</b>	888 771 867	<b>(96 702 999)</b>	Note 1
Rental of facilities and equipment	3 642 341	(379 836)	<b>3 262 505</b>	6 148 402	<b>2 885 897</b>	
Agency services	-	6 665 000	<b>6 665 000</b>	10 077 250	<b>3 412 250</b>	
Licences and permits	14 074 267	(8 754 307)	<b>5 319 960</b>	5 804 699	<b>484 739</b>	
Miscellaneous other revenue	11 341 209	(393 422)	<b>10 947 787</b>	38 667 456	<b>27 719 669</b>	
Interest received - investment	40 966 872	10 660 000	<b>51 626 872</b>	67 359 016	<b>15 732 144</b>	
Dividends received	-	-	-	3 934	<b>3 934</b>	
<b>Total revenue from exchange transactions</b>	<b>1 010 583 188</b>	<b>52 713 802</b>	<b>1 063 296 990</b>	<b>1 016 832 624</b>	<b>(46 464 366)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	174 267 678	(3 213 471)	<b>171 054 207</b>	177 751 062	<b>6 696 855</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	362 553 000	(1 400 000)	<b>361 153 000</b>	368 966 130	<b>7 813 130</b>	Note 2
Public contributions and donations	-	-	-	1 972 712	<b>1 972 712</b>	
Fines, Penalties and Forfeits	85 454 847	(22 435)	<b>85 432 412</b>	160 380 209	<b>74 947 797</b>	
<b>Total revenue from non-exchange transactions</b>	<b>622 275 525</b>	<b>(4 635 906)</b>	<b>617 639 619</b>	<b>709 070 113</b>	<b>91 430 494</b>	
'Total revenue from exchange transactions'	1 010 583 188	52 713 802	<b>1 063 296 990</b>	1 016 832 624	<b>(46 464 366)</b>	
'Total revenue from non-exchange transactions'	622 275 525	(4 635 906)	<b>617 639 619</b>	709 070 113	<b>91 430 494</b>	
<b>Total revenue</b>	<b>1 632 858 713</b>	<b>48 077 896</b>	<b>1 680 936 609</b>	<b>1 725 902 737</b>	<b>44 966 128</b>	
<b>Expenditure</b>						
Personnel	(439 667 857)	(1 845 788)	<b>(441 513 645)</b>	(424 770 241)	<b>16 743 404</b>	Note 3
Remuneration of councillors	(32 551 092)	6 088 575	<b>(26 462 517)</b>	(26 461 495)	<b>1 022</b>	
Depreciation and amortisation	(238 131 521)	(15 230 579)	<b>(253 362 100)</b>	(235 889 605)	<b>17 472 495</b>	
Impairment loss/ Reversal of impairments	-	-	-	(4 719 257)	<b>(4 719 257)</b>	
Finance costs	-	(20 000 000)	<b>(20 000 000)</b>	(3 868 540)	<b>16 131 460</b>	Note 4
Lease rentals on operating lease	-	-	-	(229 237)	<b>(229 237)</b>	
Debt Impairment	(95 930 572)	(96 669 428)	<b>(192 600 000)</b>	(274 020 696)	<b>(81 420 696)</b>	Note 5
Other materials	(9 842 202)	7 489 773	<b>(2 352 429)</b>	-	<b>2 352 429</b>	
Repairs and maintenance	-	-	-	(66 121 255)	<b>(66 121 255)</b>	Note 5
Bulk purchases	(579 953 000)	53 064 000	<b>(526 889 000)</b>	(500 890 596)	<b>25 998 404</b>	
Contracted Services	(91 540 620)	297 131	<b>(91 243 489)</b>	(88 870 377)	<b>2 373 112</b>	Note 5
General Expenses	(250 584 644)	12 543 017	<b>(238 041 627)</b>	(98 845 785)	<b>139 195 842</b>	
Transfers and subsidies	(74 241 300)	70 991 300	<b>(3 250 000)</b>	-	<b>3 250 000</b>	
<b>Total expenditure</b>	<b>(1 812 442 808)</b>	<b>16 728 001</b>	<b>(1 795 714 807)</b>	<b>(1 724 687 084)</b>	<b>71 027 723</b>	
	1 632 858 713	48 077 896	<b>1 680 936 609</b>	1 725 902 737	<b>44 966 128</b>	

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Operating surplus</b>	(1 812 442 808)	16 728 001	<b>(1 795 714 807)</b>	(1 724 687 084)	<b>71 027 723</b>	
<b>(179 584 095)</b>	<b>64 805 897</b>	<b>(114 778 198)</b>	<b>1 215 653</b>	<b>115 993 851</b>		
Loss on disposal of assets and liabilities	560 000	(560 000)	-	(13 952 667)	<b>(13 952 667)</b>	Note 6
Fair value adjustments	-	-	-	10 330	<b>10 330</b>	
	<b>560 000</b>	<b>(560 000)</b>	<b>-</b>	<b>(13 942 337)</b>	<b>(13 942 337)</b>	
	(179 584 095)	64 805 897	<b>(114 778 198)</b>	1 215 653	<b>115 993 851</b>	
	560 000	(560 000)	-	(13 942 337)	<b>(13 942 337)</b>	
<b>Deficit before taxation</b>	<b>(179 024 095)</b>	<b>64 245 897</b>	<b>(114 778 198)</b>	<b>(12 726 684)</b>	<b>102 051 514</b>	
Surplus before taxation	(179 024 095)	64 245 897	<b>(114 778 198)</b>	(12 726 684)	<b>102 051 514</b>	
Taxation	-	-	-	-	-	
<b>Deficit for the year from continuing operations</b>	<b>(179 024 095)</b>	<b>64 245 897</b>	<b>(114 778 198)</b>	<b>(12 726 684)</b>	<b>102 051 514</b>	
Capital expenditure	(132 447 000)	(29 045 000)	<b>(161 492 000)</b>	(156 402 665)	<b>5 089 335</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(311 471 095)</b>	<b>35 200 897</b>	<b>(276 270 198)</b>	<b>(169 129 349)</b>	<b>107 140 849</b>	

Note 1 - Increase in cable connections and rentals of public amenities.

Note 2 - Improved internal controls on ensuring the completeness of traffic fines revenue was intensified in the current year.

Note 3 - A higher budgeted amount was to settle financial liabilities from former Ventersdorp Municipality.

Note 4 - Debt impairment policy was adjusted in the current year to align with GRAP 104 relating to impairing individual debtors based on their payment patterns.

Note 5 - Cost containment measures implemented effectively during the year.

Note 6 - No budget for losses and gains on disposals of assets and liabilities.



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

##### Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand for municipal services, timing of cash flows, together with economic factors such as inflation, interest rates.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

#### Provision for rehabilitation of landfill sites

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. A provision is made for this obligation based on the net present value of cost.

The uncertainties and assumptions attached to this provision are listed as follows:

The landfill closure designs has changed from the Minimum Requirements for Waste Disposal by Landfill to the National Environmental Management: Waste Act (59/2008): Waste Classification and Management Regulations (Gazette No. 36784). The change effectively puts stricter conditions on landfill closure and rehabilitation, with a concomitant increase in costs, especially for the sites previously classified as communal and small.

Should the Minister require for the sites to be relicensed or brought in line with new legislation, the closure requirements may be affected which may in turn affect the costing analysis.

#### Useful lives of Property, Plant and Equipment, Intangible assets and Investment Property

The municipality depreciates/amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

#### Water Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water after the depth of water in the reservoirs have been determined, which is then converted into volumes based on the total capacity of the reservoir.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

---

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	5-60 years
Plant and machinery	Straight line	2-20 years
Furniture and fixtures	Straight line	2-20 years
Motor vehicles	Straight line	5-20 years
Office equipment	Straight line	2-20 years
IT equipment	Straight line	5-20 years
Leasehold improvements	Straight line	10-50 years
Infrastructure	Straight line	3-80 years
Community	Straight line	5-60 years

---

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Property - land	indefinite
Property - buildings	5-60 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Item	Average useful life	
Computer software	Straight line	5 years

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The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

## Accounting Policies

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### 1.8 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
  - receive cash or another financial asset from another municipality; or
  - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

#### Class

Cash and cash equivalents  
Receivables from non-exchange transactions  
Consumer deposits  
Non-current Investments

#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at fair value

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

#### Class

Payables from exchange transactions  
Payables from non-exchange transactions

#### Category

Financial liability measured at amortised cost  
Financial liability measured at amortised cost

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### 1.8 Financial instruments (continued)

#### Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Derecognition

##### Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

##### Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

# JB Marks Local Municipality

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### 1.8 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - The Municipality as lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating leases - The Municipality as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

# JB Marks Local Municipality

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## Accounting Policies

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### 1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.11 Impairment of cash-generating assets (continued)

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### 1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

### 1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

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# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.13 Employee benefits (continued)

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.13 Employee benefits (continued)

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

## Accounting Policies

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### 1.13 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

## Accounting Policies

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### 1.13 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.



## Accounting Policies

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### 1.13 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

### 1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

## Accounting Policies

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### 1.14 Provisions and contingencies (continued)

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and .

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

### Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

### 1.15 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

## Accounting Policies

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### 1.15 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

### 1.16 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.17 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.18 Revenue from non-exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.18 Revenue from non-exchange transactions (continued)

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

#### Government Grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed program may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

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# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.22 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.24 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.24 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.25 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives, whilst the annual financial statements are prepared on accrual basis of accounting.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are not prepared on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. The statement of comparison of budget and actual amounts is therefore prepared on a budget basis.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are not prepared on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

### 1.26 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 2. New standards and interpretations

No additional GRAP standards or interpretations become effective for the first time for the 30 June 2019 year-end.

Application of all of the GRAP standards listed below will be effective from a date to be announced by the Minister of Finance.

Management has considered all the of the listed GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

GRAP pronouncement	Effective date - year beginning on or after
- GRAP 18 Segment Reporting	1 April 2020
- GRAP 20 Related party disclosures	1 April 2019
- GRAP 32 Service concession arrangements: grantor	1 April 2019
- GRAP 34 Separate financial statements	1 April 2020
- GRAP 35 Consolidated financial statements	1 April 2020
- GRAP 36 Investments in associates and joint ventures	1 April 2020
- GRAP 37 Joint arrangements	1 April 2020
- GRAP 38 Disclosure of interests in other entities	1 April 2020
- GRAP 108 Statutory receivables	1 April 2019
- GRAP 109 Accounting by principals and agents	1 April 2019
- GRAP 110 Living and non-living resources	1 April 2020
- IGRAP 17 Service concession arrangements where a grantor controls a significant residual interest in an asset	1 April 2019
- IGRAP 18 Recognition and derecognition of land	1 April 2019
- IGRAP 19 Liabilities to pay levies	1 April 2020
- IGRAP 1 Applying the probability test on initial recognition revenue (amendments)	1 April 2020
- IGRAP 20 Accounting for adjustments to revenue	1 April 2019
Guideline Accounting for arrangements undertaken in terms of the national housing programme	

### 3. Inventories

Consumable stores	25 120 148	21 624 022
Water	492 123	492 123
Land stock	116 760 885	117 590 453
	<b>142 373 156</b>	<b>139 706 598</b>

#### Inventory pledged as security

No Inventories have been pledged as collateral for liabilities of the municipality.



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>4. Receivables from non-exchange transactions</b>		
Traffic Fines	517 613 778	361 450 418
Sundry debtors	6 720 204	7 467 392
Sundry deposits	4 546 450	4 318 078
Impairment	(511 767 556)	(364 026 270)
	<b>17 112 876</b>	<b>9 209 618</b>
None of the receivables have been pledged as security for the municipality's financial liabilities.		
<b>Reconciliation of allowance for impairment</b>		
Opening balance	(363 936 441)	(273 130 929)
Contribution to allowance	(147 741 583)	(90 805 512)
	<b>(511 678 024)</b>	<b>(363 936 441)</b>
<b>5. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	79 571 112	63 046 913
Electricity	189 020 848	157 269 989
Water	90 958 111	69 097 175
Sewerage	49 638 492	41 977 087
Refuse	40 355 591	32 218 644
Interest on overdue accounts	86 492 443	47 521 696
VAT on consumer debtors	52 634 622	37 251 657
Other debtors	62 519 411	55 957 907
	<b>651 190 630</b>	<b>504 341 068</b>
<b>Less: Allowance for impairment</b>		
Rates	(48 722 512)	(34 046 516)
Electricity	(115 740 127)	(84 928 746)
Water	(55 694 932)	(37 313 772)
Sewerage	(30 394 348)	(22 668 415)
Refuse	(24 710 297)	(17 398 672)
Interest on overdue accounts	(52 960 541)	(25 662 608)
VAT on consumer debtors	(32 228 920)	(20 116 594)
Other debtors	(38 281 516)	(30 218 321)
	<b>(398 733 193)</b>	<b>(272 353 644)</b>
<b>Net balance</b>		
Rates	30 848 600	29 000 396
Electricity	73 280 722	72 341 244
Water	35 263 179	31 783 404
Sewerage	19 244 144	19 308 672
Refuse	15 645 294	14 819 971
Interest on overdue accounts	33 531 903	21 859 088
VAT on consumer debtors	20 405 702	17 135 064
Other debtors	24 237 896	25 739 587
	<b>252 457 440</b>	<b>231 987 426</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>5. Consumer debtors (continued)</b>		
<b>Rates</b>		
Current (0 -30 days)	13 060 790	12 376 633
31 - 60 days	8 195 495	6 581 884
61 - 90 days	2 934 003	1 785 866
91 - 120 days	2 770 844	1 695 135
> 120 days	52 609 981	40 607 395
Less: Provision for bad debts	(48 722 513)	(34 046 517)
	<b>30 848 600</b>	<b>29 000 396</b>
<b>Electricity</b>		
Current (0 -30 days)	72 548 757	89 795 313
31 - 60 days	17 680 010	13 519 463
61 - 90 days	8 878 575	3 268 138
91 - 120 days	7 256 989	2 202 472
> 120 days	82 656 516	48 484 603
Less: Provision for bad debts	(115 740 126)	(84 928 746)
	<b>73 280 721</b>	<b>72 341 243</b>
<b>Water</b>		
Current (0 -30 days)	12 175 964	9 403 602
31 - 60 days	6 898 020	5 523 428
61 - 90 days	2 669 372	1 215 066
91 - 120 days	1 654 797	1 154 927
> 120 days	67 559 956	51 800 152
Less: Provision for bad debts	(55 694 930)	(37 313 771)
	<b>35 263 179</b>	<b>31 783 404</b>
<b>Sewerage</b>		
Current (0 -30 days)	5 249 920	5 445 528
31 - 60 days	4 775 750	3 973 662
61 - 90 days	1 330 062	1 146 404
91 - 120 days	1 240 531	1 110 239
> 120 days	37 042 229	30 301 255
Less: Provision for bad debts	(30 394 348)	(22 668 416)
	<b>19 244 144</b>	<b>19 308 672</b>
<b>Refuse</b>		
Current (0 -30 days)	4 214 079	4 590 791
31 - 60 days	3 687 597	3 453 412
61 - 90 days	1 234 530	1 046 803
91 - 120 days	1 160 855	970 323
> 120 days	30 058 529	22 157 315
Less: Provision for bad debts	(24 710 296)	(17 398 673)
	<b>15 645 294</b>	<b>14 819 971</b>
<b>Interest on overdue accounts</b>		
Current (0 -30 days)	5 756 451	2 909 957
31 - 60 days	7 666 218	5 766 485
61 - 90 days	3 587 747	2 714 951
91 - 120 days	3 433 242	2 718 187
> 120 days	66 048 785	33 412 117
Less: Provision for bad debts	(52 960 541)	(25 662 609)
	<b>33 531 902</b>	<b>21 859 088</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>5. Consumer debtors (continued)</b>		
<b>VAT on consumer debtors</b>		
Current (0 -30 days)	9 423 827	9 146 476
31 - 60 days	5 482 393	3 784 072
61 - 90 days	2 089 092	911 664
91 - 120 days	1 688 351	746 198
> 120 days	33 950 958	22 663 247
Less: Provision for bad debts	(32 228 919)	(20 116 594)
	<b>20 405 702</b>	<b>17 135 063</b>
<b>Other debtors</b>		
Current (0 -30 days)	38 038 755	37 485 536
31 - 60 days	951 469	424 980
61 - 90 days	168 067	163 895
91 - 120 days	225 799	190 979
> 120 days	23 135 321	17 692 517
Less: Provision for bad debts	(38 281 516)	(30 218 320)
	<b>24 237 895</b>	<b>25 739 587</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(272 353 644)	(185 767 622)
Contributions to allowance	(126 379 548)	(86 586 022)
	<b>(398 733 192)</b>	<b>(272 353 644)</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 6. VAT receivable

Net balance receivable	15 775 536	23 640 315
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The Municipality is registered for VAT on a payment basis.

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	18 519 391	75 498 125
Current Investments	221 241 965	155 400 379
Other cash and cash equivalents	33 192	31 192
<b>Total</b>	<b>239 794 548</b>	<b>230 929 696</b>

The municipality did not pledge any of its cash and cash equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its cash and cash equivalents.

The management of the municipality is of the opinion that the carrying value of bank balances, current investments and other cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

The fair value of bank balances, current investments and other cash and cash equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Absa - Current - 4090067672	1 306 176	17 811 610	6 243 111	1 100 308	15 981 682	15 268 569
Absa - Call - 9324900933	116 583	1 065 535	16 698 364	116 583	1 065 536	16 698 364
Absa - Current - 6800000093	-	-	1 605 526	-	-	1 605 526
Absa - Traffic fines - 9111051672	-	-	20 860	-	-	11 657
Absa - Current - 2250000017	508 569	152 788	39 548	508 569	152 788	38 768
First National Bank - Current - 62413246241	11 518 828	6 436 145	992 711	11 518 828	6 436 145	884 444
First National Bank - Traffic fines - 62413454133	4 524 151	3 021 049	42 320	4 524 151	3 021 049	42 320
Nedbank - Current -1497222400	742 387	48 832 360	1 944 827	742 387	48 832 360	1 944 827
Nedbank - Debtors/Rates and Taxes - 1497222451	8 565	8 565	-	8 565	8 565	8 565
<b>Total</b>	<b>18 725 259</b>	<b>77 328 052</b>	<b>27 587 267</b>	<b>18 519 391</b>	<b>75 498 125</b>	<b>36 503 040</b>

### The municipality had the following current investments

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019			2018		
7. Cash and cash equivalents (continued)						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Nedbank - Call deposit - 03/7881004517/000083	171 021 831	21 666 132	631 739	171 021 831	21 666 132	631 739
Nedbank - Fixed deposit - 03/7881004517/000089	-	85 919 024	-	-	85 919 024	-
Nedbank - Fixed deposit - 03/7881004517/000081	-	-	-	4	4	-
Absa - Fixed deposit - 2076763888	-	-	79 959 200	-	-	79 959 200
Standard bank - 43 846 0944_038 - Call deposit	48 350	46 337	44 412	48 350	46 337	44 412
Standard bank - Call deposit - 43 846 0944-045	36 272 862	34 468 168	32 741 385	36 272 862	34 468 168	32 741 385
Investec bank - Call deposit - 1400-190518-500	192 692	180 685	169 345	192 692	180 685	169 345
First National Bank - Fixed deposit - 62027926726	4 264	4 399	4 659	4 264	4 399	4 659
First National Bank - Call - 62419914991	55 949	52 661	49 487	55 949	52 661	49 487
First National Bank - Call - 62419921417	71 632	67 407	57 888	71 632	67 407	57 888
Absa - Housing - 4055584178	-	-	14 723 662	-	-	14 723 662
Absa - Mayoral funds - 4053962053	-	-	(240)	-	-	(240)
Absa - Municipal funds - 405583287	13 574 381	12 995 561	12 427 901	13 574 381	12 995 561	12 427 901
Total	221 241 961	155 400 374	140 809 438	221 241 965	155 400 378	140 809 438

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand

#### 8. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	53 689 956	-	53 689 956	53 689 956	-	53 689 956

#### Reconciliation of investment property - 2019

	Opening balance	Total
Investment property	53 689 956	53 689 956

#### Reconciliation of investment property - 2018

	Opening balance	Total
Investment property	53 689 956	53 689 956

#### Pledged as security

There are no contractual obligations on Investment Property.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand

#### 9. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	427 822 703	-	427 822 703	428 183 246	-	428 183 246
Buildings	181 118 522	-	181 118 522	194 850 802	-	194 850 802
Library books	4 873 911	-	4 873 911	4 686 464	-	4 686 464
Infrastructure	2 844 599 772	-	2 844 599 772	2 922 564 263	-	2 922 564 263
Community	285 233 069	-	285 233 069	305 549 247	-	305 549 247
Other property, plant and equipment	87 254 992	-	87 254 992	78 078 203	-	78 078 203
<b>Total</b>	<b>3 830 902 969</b>	<b>-</b>	<b>3 830 902 969</b>	<b>3 933 912 225</b>	<b>-</b>	<b>3 933 912 225</b>

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	428 183 246	-	(360 543)	-	-	427 822 703
Buildings	194 850 802	5 228 589	-	(18 960 869)	-	181 118 522
Library books	4 686 464	1 693 142	-	(1 096 540)	(409 155)	4 873 911
Infrastructure	2 922 564 263	114 952 030	(13 327 902)	(176 224 631)	(3 363 988)	2 844 599 772
Community	305 549 247	7 616 262	(1 760 367)	(26 172 073)	-	285 233 069
Other property, plant and equipment	78 078 203	24 746 687	(1 110 495)	(13 513 289)	(946 114)	87 254 992
<b>Total</b>	<b>3 933 912 225</b>	<b>154 236 710</b>	<b>(16 559 307)</b>	<b>(235 967 402)</b>	<b>(4 719 257)</b>	<b>3 830 902 969</b>

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand

#### 9. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	423 664 296	5 000 000	(481 050)	-	-	428 183 246
Buildings	208 385 494	5 963 107	(505 898)	(18 991 901)	-	194 850 802
Library books	5 936 004	298 487	(2 033)	(1 545 994)	-	4 686 464
Infrastructure	2 916 516 747	180 935 485	(2 158 995)	(171 698 646)	(1 030 328)	2 922 564 263
Community	304 161 650	37 050 533	(442 841)	(25 553 840)	(9 666 255)	305 549 247
Other property, plant and equipment	79 046 396	11 525 578	(445 116)	(12 048 655)	-	78 078 203
	<b>3 937 710 587</b>	<b>240 773 190</b>	<b>(4 035 933)</b>	<b>(229 839 036)</b>	<b>(10 696 583)</b>	<b>3 933 912 225</b>

##### Pledged as security

The municipality did not pledge any of its assets as security.



## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>9. Property, plant and equipment (continued)</b>		
<b>Carrying amounts of Infrastructure projects experiencing delays or halted:</b>		
Ikageng Extension 11 Water Reticulation (Erven 15581, 16653)	5 691 837	5 691 837
Electrification of 34 Households in Doornkop	537 126	537 126
Construction of Spruit and Meadow Roads	1 719 434	1 719 434
Construction of Floodline Channel in Ikageng Ext.11	18 521 837	18 521 837
Rysmierbult Water Project	560 671	560 671
Upgrade of 225mm Water Main Lakeside	858 580	858 580
Electrification of Ventersdorp Ext 9,10,11	812 606	812 606
Bulk Electrical Supply Line Boikhutsong	4 053 666	4 053 666
Electrification of 300 Households Ext.7	1 423 491	1 423 491
Construction of Lekhele Street	2 513 333	2 513 333
Construction of Water, Sewer and Top Structures in Ikageng Ext 11	5 691 837	5 691 837
Upgrading of Dolomite Infrastructure at Ikageng Phase 2	2 900 837	2 900 837
Refurbishment of Ventersdorp Waste Water Treatment	15 247 228	15 247 228
Ventersdorp Water Conservation Demand Management	7 116 958	7 116 958
Toevlug Pump Station	6 491 363	6 491 363
Mohadin Water & Sewer Reticulation (104 Stands)	298 650	298 650
	<b>74 439 454</b>	<b>74 439 454</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 9. Property, plant and equipment (continued)

The following projects are currently experiencing delays or were halted. The carrying amount of those assets included in the balance of Property, plant and equipment are listed above. For each project, the reason for the delay or halting of the project were noted as below:

Ikageng Extension 11 Water Reticulation (Erven 15581, 16653) - Stagnant project. The beneficiaries are situated on the line of servitude.

Electrification of 34 Households in Doornkop - Halted project. The owner of the farm did not want to allow the electrical line to be completed. Negotiations is still ongoing.

Construction of Spruit and Meadow Roads - Stagnant project. The municipality only prepared the designs and tender documentation, however as a result of financial constraint all the internally funded projects during the 2017/2018 financial year were adjusted to zero.

Construction of Floodline Channel in Ikageng Ext.11 - Halted project. This is a 2016/2017 project which was at progress of 50%, and stopped because of financial constraints. The municipality budgeted for it in 2018/2019, but challenge there were two sewer infiltrations on the site, and were fixed by June 2019. 0% construction progress 2018/2019.

Rysmierbult Water Project - Delayed project. The municipality has paid for the designs only. As a result of a land ownership dispute, there was a delay in the implementation of the project.

Upgrade of 225mm Water Main Lakeside - Stagnant project. The municipality has paid for the designs only, however during the adjustment budget in 2017/2018 financial year, all internally funded projects were adjusted to zero. Request for funding has been submitted, to-date no approval has been received.

Electrification of Ventersdorp Ext 9,10,11 - Stagnant project. Due to a lack of funding, the municipality will only be able to do the final completion of the project in the coming financial year once funding is allocated from DOE.

Bulk Electrical Supply Line Boikhutsong - Stagnant project. Due to a lack of funding, the municipality will only be able to do the final completion of the project in the coming financial year once funding is allocated from DOE.

Electrification of 300 Households Ext.7 - Stagnant project. Due to a lack of funding, the municipality will only be able to do the final completion of the project in the coming financial year once funding is allocated from DOE.

Construction of Lekhele Street - Stagnant project. Due to a lack of funding, the municipality will only be able to do the final completion of the project in the coming financial year.

Construction of Water, Sewer and Top Structures in Ikageng Ext 11 - Stagnant project. Construction is on hold as a result of beneficiaries on the servitude whereby construction is not resuming.

Upgrading of Dolomite Infrastructure at Ikageng Phase 2 - Stagnant project. Due to a lack of funding, the municipality will only be able to do the final completion of the project in the coming financial year.

Refurbishment of Ventersdorp Waste Water Treatment - Stagnant project. Due to a lack of funding, the municipality will only be able to do the final completion of the project in the coming financial year once funding is allocated from DWS.

Ventersdorp Water Conservation Demand Management - Stagnant project. Due to a lack of funding, the municipality will only be able to do the final completion of the project in the coming financial year once funding is allocated from DWS.

Toevlug Pump Station - Stagnant project. Due to a lack of funding, the municipality will only be able to do the final completion of the project in the coming financial year once funding is allocated from DWS.

Mohadin Water & Sewer Reticulation (104 Stands) - Stagnant project. Due to a lack of funding, the municipality will only be able to do the final completion of the project in the coming financial year once funding is allocated from DWS.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 9. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2019

	Included within Infrastructure	Included within Buildings	Total
Opening balance	138 815 256	11 231 151	150 046 407
Additions/capital expenditure	115 039 280	12 692 720	127 732 000
Transferred to completed items	(44 330 127)	(14 199 108)	(58 529 235)
	<b>209 524 409</b>	<b>9 724 763</b>	<b>219 249 172</b>

#### Reconciliation of Work-in-Progress 2018

	Included within Infrastructure	Included within Buildings	Total
Opening balance	56 427 776	1 401 833	57 829 609
Additions/capital expenditure	219 033 764	9 915 361	228 949 125
Transferred to completed items	(136 646 283)	(86 044)	(136 732 327)
	<b>138 815 257</b>	<b>11 231 150</b>	<b>150 046 407</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 10. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	13 447 916	-	13 447 916	9 313 701	-	9 313 701

#### Reconciliation of intangible assets - 2019

	Opening balance	Additions	Total
Computer software	9 313 701	4 134 215	13 447 916

#### Reconciliation of intangible assets - 2018

	Opening balance	Total
Computer software, other	9 313 701	9 313 701

#### Pledged as security

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality. The municipality did not pledge any of its assets as security.

#### Details of valuation

The municipality's Intangible Assets have indefinite useful lives and are therefore not amortised. No restrictions apply to any of the Intangible Assets of the municipality.

### 11. Heritage assets

	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Museum collectables and monuments	63 035 869	-	63 035 869	63 123 137	-	63 123 137

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 11. Heritage assets (continued)

#### Reconciliation of heritage assets 2019

	Opening balance	Additions	Disposals	Total
Museum collectables and monuments	63 123 137	4 452	(91 720)	63 035 869

#### Reconciliation of heritage assets 2018

	Opening balance	Additions	Disposals	Total
Museum collectables and monuments	63 181 011	10 166	(68 040)	63 123 137

#### Pledged as security

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>12. Other financial assets</b>		
<b>Designated at fair value</b>		
Listed shares	78 842	71 509
Listed Shares are investments in shares of public companies with no specific maturity dates or interest rates. Listed shares and unit trusts are measured at fair value using quoted market prices.		
Unit trusts	161 317	158 320
Unit trusts are portfolios of stock exchange securities in which investors can buy units. Listed shares and unit trusts are measured at fair value using quoted market prices.		
	<b>240 159</b>	<b>229 829</b>
<b>At amortised cost</b>		
Long Term Investment - Investec Bank	57 062 093	52 025 392
The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.		
The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.		
<b>Total other financial assets</b>	<b>57 302 252</b>	<b>52 255 221</b>
<b>Non-current assets</b>		
Designated at fair value	240 159	229 829
At amortised cost	57 062 093	52 025 392
	<b>57 302 252</b>	<b>52 255 221</b>

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 13. Other financial liabilities

##### At amortised cost

INCA Loan	-	23 439 311
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The INCA loans were provided for Infrastructural development with the below terms:

	Loan 1	Loan 2
Initial Loan Amount	R11 750 000	R8 000 000
Inception Date	2006/12/15	2007/04/04
Maturity Date	2026/12/31	2022/06/30
Loan Term	20 years	15 years 3 months
Payment Frequency	Bi-annual (Six Monthly)	Bi-annual (Six Monthly)
Effective Interest rate	10.8%	10.96%

The INCA loan was incorrectly written off from the accounting records of former Municipality Ventersdorp in the 2013/14 financial year due to a court judgement in favour of the Municipality arising from a dispute on the interest and repayment calculation of the loan.

A prior period error adjustment has been effected to reinstate the INCA loan into the accounting records of the Municipality as the Municipality had been unduly enriched. A court judgement on undue enrichment was received in the current financial year instructing the Municipality to settle the INCA loan with an amount of R20 000 000.

##### Current liabilities

At amortised cost	-	23 439 311
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# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>14. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	-	3 852 069
- in second to fifth year inclusive	-	2 247 040
	-	6 099 109
less: future finance charges	-	(752 215)
<b>Present value of minimum lease payments</b>	-	<b>5 346 894</b>
<b>Present value of minimum lease payments due</b>		
- within one year	-	3 216 640
- in second to fifth year inclusive	-	2 130 256
	-	<b>5 346 896</b>
Non-current liabilities	-	2 130 256
Current liabilities	-	3 216 640
	-	<b>5 346 896</b>

It is the municipality's policy to lease certain equipment under finance leases. Finance Leases relate to movable assets with lease terms not more than 3 years. The effective interest rate on Finance Leases is 16.23%.

The Municipality early settled the finance lease liability in the current financial year.

### 15. Payables from exchange transactions

Trade creditors	202 956 515	171 206 514
Payments received in advanced	25 737 811	22 386 709
Unallocated debtors	25 656 892	19 807 818
Engineering services contributions	20 109	22 200
Staff leave	40 130 685	34 466 393
Retentions	11 884 930	19 171 718
Debtors salaries	(6 816 765)	15 943 145
Sundry creditors	6 922	-
Other Creditors	618 510	3 931 546
	<b>300 195 609</b>	<b>286 936 043</b>

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

### 16. Payables from non-exchange transactions

Sundry deposits	14 830	14 830
Other Creditors	-	2 916 057
	<b>14 830</b>	<b>2 930 887</b>



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 16. Payables from non-exchange transactions (continued)

No credit period exists for payables from non-exchange transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its creditors. No terms for payment have been renegotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of creditors approximates their fair values.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

### 17. Consumer deposits

Electricity and water	23 471 205	22 546 128
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No guarantees are held in lieu of consumer deposits.

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 18. Employee benefit obligations

#### Reconciliation of total employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

##### Carrying value

Post-retirement health care benefits liability	(162 848 704)	(182 689 147)
Long service awards liability	(20 250 415)	(18 815 102)
	<b>(183 099 119)</b>	<b>(201 504 249)</b>

##### Carrying value

Current liabilities	(11 751 308)	(13 211 212)
Non-current liabilities	(171 347 811)	(188 293 037)
	<b>(183 099 119)</b>	<b>(201 504 249)</b>

#### Post-retirement health care benefits liability

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

In accordance with the requirements of GRAP25, the projected unit credit method has been applied. The assumption underlying the funding method is that the employer's postemployment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	182 689 147	168 965 019
Net expense recognised in the statement of financial performance	(19 840 443)	13 724 128
	<b>162 848 704</b>	<b>182 689 147</b>

#### Net expense recognised in the statement of financial performance

Current service cost	4 133 438	3 910 246
Interest cost	17 336 411	15 411 801
Actuarial (gains)/losses	(30 097 703)	4 254 647
Benefits paid	(11 212 589)	(9 852 566)
	<b>(19 840 443)</b>	<b>13 724 128</b>

The net expense has been included as part on employee related costs and disclosed on Note 28.

#### Eligible employees

Active employees (on medical aid) - average age (years)	45.83
Active employees (on medical aid) - average employer monthly contribution (ZAR)	2 815
Continuation pensioners - average age (years)	71.35
Continuation pensioners - average employer monthly contribution (ZAR)	4 213

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 18. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.72 %	9.79 %
CPI	5.79 %	6.08 %
Health care cost inflation	7.29 %	7.58 %
Net Discount Rate	2.26 %	2.05 %

The basis on which the net discount rate has been determined is as follows:

The methodology for setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2018 the duration of liabilities was 11.17 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 27 June 2019 is 9.72% per annum, and the yield on the inflation-linked bonds of a similar term was about 3.24% per annum, implying an underlying expectation of inflation of 5.79% per annum  $([1 + 9.72\% - 0.5\%] / [1 + 3.24\%] - 1)$ .

A health care cost inflation rate of 7.29% was assumed. This is 1.5% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and health care inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 2.26% per annum  $([1 + 9.72\%] / [1 + 7.29\%] - 1)$ . This year's valuation basis is, therefore, stronger than previous year's basis from a discount rate perspective.

#### Sensitivity Analysis

##### Medical inflation and discount rate

	- 1% decrease (R's)	30 June 2019 Valuation basis (R's)	1% increase (R's)
<b>Medical Inflation Rate</b>			
Employer's accrued liability	145 413 576	162 848 704	183 688 137
Employer's current service cost	3 431 389	4 136 202	5 025 603
Employer's interest cost	13 654 879	15 347 324	17 370 678
<b>Discount Rate</b>			
Employer's accrued liability	182 821 416	162 848 704	146 380 015
Employer's current service cost	4 965 546	4 136 202	3 483 080
Employer's interest cost	15 510 002	15 347 324	15 160 824

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 18. Employee benefit obligations (continued)

#### Demographic and decrement assumptions used are as follows:

The assumed normal retirement age is 65 years and the fully accrued age (to take account for ill-health and early retirement decrements) is 63 years for active employees on the medical aid.

The assumed age difference between spouses is 5 years for active employees on the medical aid and the actual years are used for pensioners.

The assumed mortality used was based on the SA85/90 mortality table for active members on the medical aid and the PA(90)-1 table for pensioners.

#### Continuation on medical aid at retirement age assumptions used as follows:

It was assumed that 50% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

#### Long service awards liability

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a long-service award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, to employees. The provision is an estimate of the long-service based on historical staff turnover.

No other long-service benefits are provided to employees.

The most recent actuarial valuations of the defined benefit obligation were carried out as at 30 June 2019 by One Pangaea Expertise & Solutions. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	18 815 102	15 376 624
Net expense recognised in the statement of financial performance	1 435 313	3 438 478
	<b>20 250 415</b>	<b>18 815 102</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>18. Employee benefit obligations (continued)</b>		
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	330 474	1 309 109
Interest cost	1 558 882	1 210 524
Actuarial (gains) losses	(16 161)	2 812 780
Benefits paid	(437 882)	(1 893 935)
	<b>1 435 313</b>	<b>3 438 478</b>

The net expense has been included as part on employee related costs and disclosed on Note 28.

### Eligible employees

Number of employees	1 318	1 238
Average annual salary (ZAR)	197 900	180 397
Average age (years)	45.1	46.1
Average past service (years)	11.2	12.8

### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.02 %	8.75 %
CPI	4.34 %	5.36 %
Expected increase in salaries	5.34 %	6.36 %
Net Discount Rate	2.54 %	2.25 %

The basis on which the net discount rate has been determined is as follows:

The methodology for setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2018 the duration of liabilities was 6.04 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 27 June 2019 is 8.02% per annum, and the yield on inflation-linked bonds of a similar term was about 3.05% per annum. This implies an underlying expectation of inflation of 4.34% per annum  $[(1 + 8.02\% - 0.5\%) / (1 + 3.05\%) - 1]$ .

Salary inflation would exceed general inflation by 1.00% per annum, i.e. 5.34% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. Thus assumed a net discount factor of 2.54% per annum  $[(1 + 8.02\%) / (1 + 5.34\%) - 1]$ .

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 18. Employee benefit obligations (continued)

#### Sensitivity Analysis

Salary increase and Discount rate

	- 1% decrease (R's)	30 June 2019 Valuation basis (R's)	1% increase (R's)
<b>Salary Increase Rate</b>			
Employer's accrued liability	19 077 512	20 250 415	21 535 289
Employer's current service cost	1 514 224	1 628 957	1 756 629
Employer's interest cost	1 588 674	1 550 200	1 653 247
<b>Discount Rate</b>			
Employer's accrued liability	21 514 185	20 250 415	19 115 412
Employer's current service	1 754 516	1 628 957	1 517 904
Employer's interest cost	1 445 346	1 550 200	1 641 468

Demographic and decrement assumptions used are as follows:

The assumed average retirement age (years) is 63 (males) and 58 (females) for the current and prior financial years.

The assumed mortality used was based on the SA85/90 mortality table for the current and prior financial years.

### 19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Dr Kenneth Kaunda District Projects	18 515	18 515
Provincial: Department Arts and Culture - Library Grant	3 629 235	3 167 823
National: Energy Efficiency and Demand Side Management Grant (EEDSMG)	-	4 926 310
Lotto: Mohadin Stadium	491 999	491 999
Lotto: Tshwaraganang	263 972	263 972
Lotto: Sarafina Sports Facilities	787 245	787 245
National: Municipal Infrastructure Grant (MIG)	4 724 270	7 498 147
Local Government - SETA Grant (LG SETA)	901 721	1 176 830
National: Integrated National Electrification Program (INEP)	3 750 466	12 001 364
Fire and Emergency Grant	20 738	20 738
Provincial: Health Subsidies	13 996	13 996
LED - City Branding	69 417	69 417
LED - Projects Tourism Initiative	90 722	90 722
National: Municipal Systems Improvement Grant (MSIG)	488 750	-
	<b>15 251 046</b>	<b>30 527 078</b>

The unspent conditional grants and receipts are invested in investment accounts until utilised. See Note 27 for the reconciliation of grants from government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 20. Provisions

#### Reconciliation of provisions - 2019

	Opening Balance	Additions	Total
Performance bonuses	2 024 433	-	2 024 433
Rehabilitation of Land-fill Sites	34 861 610	2 050 094	36 911 704
	<b>36 886 043</b>	<b>2 050 094</b>	<b>38 936 137</b>

#### Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Performance bonuses	2 024 433	-	2 024 433
Rehabilitation of Land-fill Sites	32 111 311	2 750 299	34 861 610
	<b>34 135 744</b>	<b>2 750 299</b>	<b>36 886 043</b>

Non-current liabilities	36 911 704	34 861 610
Current liabilities	2 024 433	2 024 433
	<b>38 936 137</b>	<b>36 886 043</b>

#### Environmental rehabilitation provision

In terms of the licensing of two landfill refuse sites, the municipality will incur estimated rehabilitation costs of R 18,651,833.16 for the Ventersdorp landfill site and R 40,949,544.17 for the Felophepa landfill site at the end of their useful lives, estimated to be in 2034 for Vendersdorp landfill site and 2022 for Felophepa landfill site, based on recent valuation reports.

The discount rate used is the weighted average cost of capital (WACC) calculated for the both the Ventersdorp and Felophepa landfill sites to be 8.89% based on valuations.

The 2019 and 2018 financial years' landfill closure provisions were calculated using a different methodology as compared to previous financial years. Whereas previously the closure and rehabilitation costs were calculated using a mining rehabilitation methodology, the current methodology is based on prevailing industry trends and regulatory dictates for the closure of landfills. In particular, the landfill classification system has changed from the Minimum Requirements for Waste Disposal by Landfill to the National Environmental Management: Waste Act (59/2008): Waste Classification and Management Regulations (Gazette No. 36784). The change effectively puts stricter conditions on landfill closure and rehabilitation, with a concomitant increase in costs, especially for sites previously classified as Communal and Small. The mining rehabilitation methodology used previously understated the future costs, hence the adjustments required in this financial year.

The 2019 rehabilitation and closure costs were based on information gathered at the site inspections (visual assessment, asset register, and JBM LM data) and assumptions regarding the timing of the future development of each site. These valuations were performed by EMS Advisory (PTY) LTD for the 2018/19 financial period.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>21. Revenue</b>		
Service charges	888 771 867	891 561 896
Rental of facilities and equipment	6 148 402	6 737 187
Agency services	10 077 250	8 496 341
Licences and permits	5 804 699	3 484 451
Miscellaneous other revenue	38 667 456	29 183 669
Interest received	67 359 016	54 747 381
Dividends received	3 934	3 602
Property rates	177 751 062	164 374 077
Government grants & subsidies	368 966 130	346 919 819
Public contributions and donations	1 972 712	7 359 654
Fines, penalties and forfeits	160 380 209	84 667 029
	<b>1 725 902 737</b>	<b>1 597 535 106</b>

**The amount included in revenue arising from exchanges of goods or services are as follows:**

Service charges	888 771 867	891 561 896
Rental of facilities and equipment	6 148 402	6 737 187
Agency services	10 077 250	8 496 341
Licences and permits	5 804 699	3 484 451
Miscellaneous other revenue	38 667 456	29 183 669
Interest received	67 359 016	54 747 381
Dividends received	3 934	3 602
	<b>1 016 832 624</b>	<b>994 214 527</b>

**The amount included in revenue arising from non-exchange transactions is as follows:**

**Taxation revenue**

Property rates	177 751 062	164 374 077
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**Transfer revenue**

Government grants & subsidies	368 966 130	346 919 819
Public contributions and donations	1 972 712	7 359 654
Fines, penalties and forfeits	160 380 209	84 667 029
	<b>709 070 113</b>	<b>603 320 579</b>

**22. Service charges**

Sale of electricity	658 965 065	665 488 854
Sale of water	115 017 798	114 253 090
Sewerage and sanitation charges	65 027 539	62 058 718
Refuse removal	49 761 465	49 761 234
	<b>888 771 867</b>	<b>891 561 896</b>

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

**23. Rental of facilities and equipment**

**Facilities and equipment**

Rental of facilities	6 148 402	6 737 187
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Rental revenue earned on facilities and equipment is in respect of non-financial assets rented out.



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>24. Investment revenue</b>		
<b>Dividend revenue</b>		
Other financial assets - investments in shares	3 934	3 602
<b>Interest revenue</b>		
Current Investments	16 359 768	11 489 381
Investec Promissory Note	5 036 700	4 351 190
Eskom deposits	228 834	259 706
Bank balances	5 713 210	5 498 751
Interest charged on trade and other receivables	39 956 743	33 148 353
Interest received - SARS	63 761	-
	<b>67 359 016</b>	<b>54 747 381</b>
	<b>67 362 950</b>	<b>54 750 983</b>
<b>25. Miscellaneous other revenue</b>		
Administration and management fees received - third party	4 156 822	3 877 351
Fees earned	1 846 000	2 142 117
Building Fees	1 505 351	2 131 487
Sundries	11 859 664	15 336 730
Clearance certificates	476 294	367 312
Sewerage plan fees	366 395	345 883
Funeral fees	1 097 611	1 041 496
Display posters	446 310	352 418
Marketing	279 282	233 210
Admission: Motor Vehicles	568 970	799 315
Levy legal expenses	177 643	316 565
Other income	15 887 114	2 239 785
	<b>38 667 456</b>	<b>29 183 669</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 26. Property rates

#### Rates received

Property rates	177 751 062	164 374 077
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Property rates are levied on the value of land and improvements, which valuation is performed every five years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The last valuation came into effect 1 July 2012 (at Tlokwe) and 1 July 2014 at Ventersdorp. The new valuation roll for JB Marks Local Municipality will come into effect on the 1st of July 2019.

Rates are levied monthly on property owners and are payable at the end of each month.

#### Valuations

Residential	22 417 498 500	22 053 080 500
Agricultural	9 587 528 200	9 483 288 200
Industrial / commercial	720 931 000	717 401 000
State	1 596 242 000	1 596 242 000
Municipal	913 650 950	913 779 950
Public service infrastructure	2 830 373 500	2 795 050 500
Multi-purpose	357 301 000	314 042 000
	<b>38 423 525 150</b>	<b>37 872 884 150</b>

Supplementary valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 27. Government grants and subsidies

#### Operating grants

Equitable share grant	233 655 366	209 740 000
National: Municipal Demarcation Transition Grant (MDTG)	-	4 566 000
Local Government - SETA Grant (LG SETA)	362 159	231 169
National: Expanded Public Works Program Grant (EPWP)	1 947 000	3 868 000
National: Finance Management Grant (FMG)	4 115 000	4 045 000
Provincial: Department Arts and Culture - Library Grant	727 588	736 840
Municipal Systems Improvement Grant (MSIG)	566 250	-
	<b>241 373 363</b>	<b>223 187 009</b>

#### Capital grants

National: Municipal Infrastructure Grant (MIG)	59 613 877	86 860 484
National: Energy Efficiency and Demand Side Management Grant (EEDSMG)	4 926 310	3 073 690
National: Water Services Infrastructure Grant (WSIG)	20 000 000	27 000 000
National: Regional Bulk Infrastructure Grant (RBIG)	12 386 047	6 300 000
National: Integrated National Electrification Program (INEP)	30 666 533	498 636
	<b>127 592 767</b>	<b>123 732 810</b>
	<b>368 966 130</b>	<b>346 919 819</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100% monthly subsidy on all basic services based on the monthly billing, towards their consumer account. All residential households receive 6 kl water and 50 kWh electricity (indigents only) free every month.

#### Dr Kenneth Kaunda District Projects

Balance unspent at beginning of year	18 515	18 515
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>18 515</b>	<b>18 515</b>

#### Provincial: Department Arts and Culture (Library Grant)

Balance unspent at beginning of year	3 167 823	2 404 662
Current-year receipts	1 189 000	1 500 000
Conditions met - transferred to revenue	(727 588)	(736 839)
	<b>3 629 235</b>	<b>3 167 823</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>27. Government grants and subsidies (continued)</b>		
<b>National: Regional Bulk Infrastructure Grant (RBIG)</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	12 386 047	6 300 000
Conditions met - transferred to revenue	(12 386 047)	(6 300 000)
	-	-
<b>National: Municipal Demarcation Transition Grant (MDTG)</b>		
Current-year receipts	-	4 566 000
Conditions met - transferred to revenue	-	(4 566 000)
	-	-
<b>National: Energy Efficiency and Demand Side Management Grant (EEDSMG)</b>		
Balance unspent at beginning of year	4 926 310	-
Current-year receipts	-	8 000 000
Conditions met - transferred to revenue	(4 926 310)	(3 073 690)
	-	<b>4 926 310</b>
<b>National: Expanded Public Works Program Grant (EPWP)</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	1 947 000	3 868 000
Conditions met - transferred to revenue	(1 947 000)	(3 868 000)
	-	-
<b>National: Water Services Infrastructure Grant</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	20 000 000	27 000 000
Conditions met - transferred to revenue	(20 000 000)	(27 000 000)
	-	-
<b>National: Municipal Finance Management Grant (FMG)</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	4 115 000	4 045 000
Conditions met - transferred to revenue	(4 115 000)	(4 045 000)
	-	-
<b>Lotto: Mohadin Stadium</b>		
Balance unspent at beginning of year	491 999	491 999
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>491 999</b>	<b>491 999</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>27. Government grants and subsidies (continued)</b>		
<b>Lotto: Tshwaraganang</b>		
Balance unspent at beginning of year	263 972	263 972
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>263 972</b>	<b>263 972</b>
<b>Lotto: Sarafina Sports Facilities</b>		
Balance unspent at beginning of year	787 245	787 245
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>787 245</b>	<b>787 245</b>
<b>National: Municipal Infrastructure Grant (MIG)</b>		
Balance unspent at beginning of year	7 498 147	26 508 631
Current-year receipts	56 840 000	67 850 000
Conditions met - transferred to revenue	(59 613 877)	(86 860 484)
	<b>4 724 270</b>	<b>7 498 147</b>
<b>National - SETA Grant</b>		
Balance unspent at beginning of year	1 176 830	1 120 665
Current-year receipts	87 050	287 334
Conditions met - transferred to revenue	(362 159)	(231 169)
	<b>901 721</b>	<b>1 176 830</b>
<b>National: Integrated National Electrification Program (INEP)</b>		
Balance unspent at beginning of year	12 001 364	-
Roll-over declined	(9 501 365)	-
Current-year receipts	31 917 000	12 500 000
Conditions met - transferred to revenue	(30 666 533)	(498 636)
	<b>3 750 466</b>	<b>12 001 364</b>
<b>Fire and Emergency Grant</b>		
Balance unspent at beginning of year	20 738	20 738
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>20 738</b>	<b>20 738</b>
<b>Provincial: Health Subsidies</b>		
Balance unspent at beginning of year	13 996	13 996
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>13 996</b>	<b>13 996</b>

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>27. Government grants and subsidies (continued)</b>		
<b>LED - City Branding</b>		
Balance unspent at beginning of year	69 417	69 417
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>69 417</b>	<b>69 417</b>
<b>LED Projects Tourism Initiative</b>		
Balance unspent at beginning of year	90 722	90 722
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>90 722</b>	<b>90 722</b>
<b>National: Municipal Systems Improvement Grant (MSIG)</b>		
Current-year receipts	1 055 000	-
Conditions met - transferred to revenue	(566 250)	-
	<b>488 750</b>	-
<b>28. Public contributions and donations</b>		
ERF donations received	1 972 712	5 278 315
Donations received - Kenneth Kaunda	-	1 400 824
Library donations received	-	680 515
	<b>1 972 712</b>	<b>7 359 654</b>

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>29. Employee related costs</b>		
Basic	244 621 015	232 069 976
Medical aid - company contributions	32 186 895	30 646 641
Contributions: post-retirement and long service benefits - Note 17	(18 405 130)	17 162 606
Current service costs	4 463 912	5 219 355
Interest cost	18 895 293	16 622 325
Actuarial (gains)/losses	(30 113 864)	7 067 427
Benefits paid	(11 650 471)	(11 746 501)
Travel, motor car, accommodation, subsistence and other allowances	10 195 357	9 571 801
Overtime payments	66 849 248	39 175 159
Long-service awards	-	180 402
13th Cheques	17 907 629	13 760 876
Standby allowances	5 721 272	5 368 133
Housing benefits and allowances	1 488 621	2 191 865
Group insurance	4 838 172	6 185 403
Pension fund	44 622 564	41 514 562
Redemption of leave	9 794 398	10 743 208
Phone allowance	738 257	918 018
Other payments	4 211 943	1 311 177
	<b>424 770 241</b>	<b>410 799 827</b>

#### Remuneration of Municipal Manager

Annual Remuneration	710 458	878 870
Car Allowance	-	78 305
Cellphone Allowance	-	11 775
Contributions to UIF, Medical and Pension Funds	54 919	458 051
Skills development Levy	8 653	1 242
Other	28 418	149 469
	<b>802 448</b>	<b>1 577 712</b>

The Municipal Manager L Ralekgetho was appointed on the 1st of January 2019 to date.

Acting Municipal Manager CP Henry was appointed on the 1st of March 2018 to 31st of August 2018.

Acting Municipal Manager M Jansen was appointed on the 1st of September 2018 to the 31st of December 2018

#### Remuneration of Acting Municipal Manager

Annual Remuneration	110 302	220 603
Car Allowance	20 000	40 000
Cellphone Allowance	2 000	4 000
Contributions to UIF, Medical and Pension Funds	49 566	90 219
Skills development Levy	4 019	4 273
Acting Allowance	255 341	130 839
Housing Allowance	19 752	39 503
	<b>460 980</b>	<b>529 437</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 29. Employee related costs (continued)

#### Remuneration of Chief Finance Officer

Annual Remuneration	742 961	351 025
Car Allowance	277 490	132 318
Cellphone Allowance	12 000	6 000
Contributions to UIF, Medical and Pension Funds	261 187	127 118
Skills development Levy	12 366	3 677
Housing Allowance	198 608	99 826
Other	31 387	896
	<b>1 535 999</b>	<b>720 860</b>

The Chief Finance Officer T Moeketsane was appointed on the 1st of January 2018 to date.

#### Remuneration of Acting Chief Finance Officer

Annual Remuneration	-	74 834
Car Allowance	-	19 532
Cellphone Allowance	-	1 400
Contributions to UIF, Medical and Pension Funds	-	41 883
Acting Allowance	-	36 455
Other	-	122
	-	<b>174 226</b>

#### Remuneration of Director: Municipal Services

Annual Remuneration	678 960	-
Car Allowance	156 679	-
Cellphone Allowance	10 000	-
Contributions to UIF, Medical and Pension Funds	278 869	-
Skills development Levy	9 748	-
Housing Allowance	98 331	-
Other	27 084	-
	<b>1 259 671</b>	-

#### Remuneration of Acting Director: Municipal Services

Annual Remuneration	-	144 309
Car Allowance	-	36 658
Cellphone Allowance	-	2 700
Contributions to UIF, Medical and Pension Funds	-	56 012
Skills development Levy	-	1 816
Acting Allowance	-	1 570
	-	<b>243 065</b>



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 29. Employee related costs (continued)

#### Remuneration of Director: Economic Development

Annual Remuneration	-	453 630
Car Allowance	-	133 350
Cellphone Allowance	-	9 000
Contributions to UIF, Medical and Pension Funds	-	200 077
Skills development Levy	-	2 700
Housing Allowance	-	129 066
Other	-	174 979
	-	<b>1 102 802</b>

#### Remuneration of Director: Corporate Services

Annual Remuneration	298 995	446 354
Car Allowance	72 500	136 799
Cellphone Allowance	-	9 400
Contributions to UIF, Medical and Pension Funds	82 451	125 355
Skills development Levy	3 963	7 241
Annual / holiday bonus	-	62 553
Housing Allowance	-	136 700
	<b>457 909</b>	<b>924 402</b>

BMB Mosepele was appointed on the 1st of February 2019.

#### Remuneration of Acting Director: Corporate Services

Annual Remuneration	120 108	112 251
Car Allowance	29 920	29 562
Cellphone Allowance	2 100	2 100
Contributions to UIF, Medical and Pension Funds	61 031	54 020
Skills development Levy	1 760	1 739
Housing Allowance	2 557	2 390
Acting Allowance	26 191	30 254
	<b>243 667</b>	<b>232 316</b>

The Acting Director Corporate Services GIM Modise was appointed 1 May 2018 to 31 January 2019.

#### Remuneration of Director: Human Settlement and Planning

Annual Remuneration	-	174 802
Car Allowance	-	56 676
Cellphone Allowance	-	4 000
Contributions to UIF, Medical and Pension Funds	-	107 679
Housing Allowance	-	22 191
	-	<b>365 348</b>

Human settlement and planning department was discontinued in the current year.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 29. Employee related costs (continued)

#### Remuneration of Director: Infrastructure

Annual Remuneration	231 762	683 331
Car Allowance	28 997	82 130
Cellphone Allowance	4 000	12 000
Contributions to UIF, Medical and Pension Funds	-	346 021
Skills development Levy	6 219	3 944
Housing Allowance	108 990	324 543
Other	1 448	976
	<b>381 416</b>	<b>1 452 945</b>

BM Zungu was appointed Director Infrastructure on the 1st of August 2013 to 30 September 2018.

#### Remuneration of Acting Director: Infrastructure

Annual Remuneration	360 290	-
Car Allowance	98 757	-
Cellphone Allowance	6 300	-
Contributions to UIF, Medical and Pension Funds	173 082	-
Skills development Levy	6 397	-
Acting Allowance	83 455	-
Bonus	51 470	-
Other	37 775	-
	<b>817 526</b>	<b>-</b>

The Acting Director Infrastructure J Van Den Berg was appointed on the 1st of November 2018 to date.

#### Remuneration of Director: Public Safety

Annual Remuneration	298 233	258 723
Car Allowance	72 500	78 507
Cellphone Allowance	-	5 000
Contributions to UIF, Medical and Pension Funds	85 601	120 817
Skills development Levy	4 008	430
Housing Allowance	-	81 328
	<b>460 342</b>	<b>544 805</b>

#### Remuneration of Acting Director: Public Safety

Annual Remuneration	369 160	112 797
Car Allowance	73 041	32 457
Cellphone Allowance	4 900	2 100
Contributions to UIF, Medical and Pension Funds	164 129	62 952
Skills development Levy	4 569	1 925
Acting Allowance	25 768	29 765
Other	1 064	20 010
	<b>642 631</b>	<b>262 006</b>

The Acting Director Public Safety MD Grimbeek was appointed on the 1st of February 2018 to 31 January 2019.

The Director Public Safety OS Msibi was appointed on the 1st of February 2019.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 29. Employee related costs (continued)

#### Remuneration of director: community services

Annual Remuneration	-	420 446
Car Allowance	-	85 867
Contributions to UIF, Medical and Pension Funds	-	214 385
Skills development Levy	-	1 769
Other	-	189
Housing Allowance	-	106 113
	-	<b>828 769</b>

Community services was merged into Municipal Services.

#### Remuneration of director: sports, arts and culture

Annual Remuneration	-	441 207
Car Allowance	-	80 000
Cellphone Allowance	-	8 000
Contributions to UIF, Medical and Pension Funds	-	245 592
Housing Allowance	-	79 121
	-	<b>853 920</b>

Sport, arts and culture was merged into Municipal Services.

### 30. Remuneration of councillors

Executive Major	913 723	861 461
Mayoral Committee Members	5 722 702	6 473 883
Speaker	745 191	697 195
Chief Whip	685 403	656 413
MPAC	691 722	638 287
Councillors	17 702 755	16 740 394
	<b>26 461 496</b>	<b>26 067 633</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 30. Remuneration of councillors (continued)

#### In-kind benefits

The Councillor occupying the position of Mayor of the municipality serve in a full-time capacity. They are provided with office accommodation, tools of trade and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor make use of a full time body guard/driver.

The Executive Mayor make use of a secretary , personal assistant and and office.

The Speaker make use of Council owned vehicles for official duties.

The Speaker make use of a secretary and office

#### Remuneration of Executive Mayor

Annual Remuneration	507 760	489 174
Car Allowance	214 868	206 603
Cellphone Allowance	40 800	40 800
Contributions to UIF, Medical and Pension Funds	136 843	124 884
Housing Allowance	13 452	-
	<b>913 723</b>	<b>861 461</b>

#### Remuneration of Members of the Mayoral Committee

Annual Remuneration	3 438 652	3 972 445
Car Allowance	1 349 501	1 546 479
Cellphone Allowance	338 178	398 942
Contributions to UIF, Medical and Pension Funds	571 350	534 814
Other	25 021	21 203
	<b>5 722 702</b>	<b>6 473 883</b>

#### Remuneration of Speaker

Annual Remuneration	417 133	401 742
Car Allowance	173 360	165 283
Cellphone Allowance	40 800	40 800
Contributions to UIF, Medical and Pension Funds	99 934	89 370
Other	13 964	-
	<b>745 191</b>	<b>697 195</b>

#### Remuneration of Chief Whip

Annual Remuneration	398 289	400 200
Car Allowance	161 151	155 567
Cellphone Allowance	40 800	40 800
Contributions to UIF, Medical and Pension Funds	85 163	59 846
	<b>685 403</b>	<b>656 413</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>30. Remuneration of councillors (continued)</b>		
<b>Remuneration of MPAC</b>		
Annual Remuneration	365 783	352 438
Car Allowance	172 116	150 407
Cellphone Allowance	40 800	40 800
Contributions to UIF, Medical and Pension Funds	103 487	94 642
Other	9 536	-
	<b>691 722</b>	<b>638 287</b>
<b>Remuneration of Councillors</b>		
Annual Remuneration	9 885 623	9 362 190
Car Allowance	3 868 111	3 688 042
Cellphone Allowance	2 227 326	2 209 228
Contributions to UIF, Medical and Pension Funds	1 705 169	1 473 474
Other	16 525	7 461
	<b>17 702 754</b>	<b>16 740 395</b>
<b>31. Depreciation and amortisation</b>		
Property, plant and equipment	235 889 605	229 839 048
<b>32. Impairment of assets</b>		
<b>Impairments</b>		
Property, plant and equipment	4 719 257	10 696 583
<b>33. Finance costs</b>		
Finance costs - DBSA loan	-	2 708
Finance costs - Landfill site liability	2 050 094	2 750 299
Finance leases	-	1 114 313
Bank	950	8
Other creditors	1 817 496	1 363 603
	<b>3 868 540</b>	<b>5 230 931</b>
<b>34. Debt impairment</b>		
Contributions to debt impairment provision	274 020 696	227 561 767
<b>35. Repairs and maintenance</b>		
Land and Buildings	4 547 003	13 554 335
Infrastructure - Electricity - Transmission and raticulation network	13 164 526	12 626 241
Infrastructure - Roads and Pavements	2 917 750	12 528 426
Infrastructure - Sanitation and sewer network	5 499 450	9 209 451
Infrastructure - Water reticulation network	22 987 387	12 115 488
Infrastructure - Other	535 683	1 104 177
Community Assets	4 023 706	6 662 750
Other assets - Plant & equipment and motor vehicles	12 445 750	16 618 503
<b>Total repairs and maintenance</b>	<b>66 121 255</b>	<b>84 419 371</b>

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>36. Bulk purchases</b>		
Electricity	477 526 732	447 244 056
Water	23 363 864	17 185 413
	<b>500 890 596</b>	<b>464 429 469</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst raw water is purchased from the Department of Water and Sanitation.

### 37. Contracted services

Audit Services	7 774 164	8 718 306
Consulting Services	946 619	3 690 340
Consumer Audit Services	13 281 269	11 009 746
Information systems	5 596 931	7 524 130
Legal Services	8 062 435	12 180 178
Meter Reading	2 620 074	2 143 830
Other contracted Services	3 560 040	10 539 347
Professional Services	65 155	190 615
Refuse Removal	6 186 427	6 169 328
Risk Management	-	3 857 628
Security Services	32 573 046	30 352 704
Town Development	5 849 125	4 974 693
Training Services	2 353 012	2 150 416
Valuation Services	2 081	30 227
	<b>88 870 378</b>	<b>103 531 488</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>38. General expenses</b>		
Advertising	2 290 658	2 138 954
Bank charges	2 010 983	1 603 109
Chemicals	3 729 037	2 787 356
Cleaning	2 469 503	1 809 823
Commission paid	14 035 420	11 910 397
Community development and training	1 065 641	1 621 337
Distribution of community assets	-	17 914 628
Consumables	53 854	96 820
Entertainment	440 000	489 061
Extension services costs	24 706	106 665
Farming	-	34 259
Financial losses	3 629 073	2 041 042
Fuel and oil	4 168 638	504 084
Gifts	-	67 282
IT expenses	5 652 405	5 443 652
Indigent funeral costs	1 041 758	508 905
Indigent grant costs	7 141 339	16 540 850
Insurance	7 467 464	8 587 339
Levies	65 968	216 850
Magazines, books and periodicals	80 828	75 531
Medical expenses	124 661	37 130
Other expenditure	2 136 112	3 315 124
Other expenses	7 237 511	8 888 969
Penalties	1 002 535	344 652
Postage and courier	3 582 915	3 046 086
Printing and stationery	2 854 625	3 788 244
Protective clothing	82 945	6 444
Refuse	898 065	2 714 692
Research and development costs	1 591	2 924
Security (Guarding of municipal property)	12 204	25 502
Sewerage and waste disposal	73 156	933 294
Sitting allowance audit committee	472 992	459 215
Staff welfare	3 983 831	4 925 953
Subscriptions and membership fees	4 929 270	4 177 682
Telephone and fax	27 106	97 882
Telephone system costs	997 202	773 049
Tourism development	264 626	89 914
Travel - local	3 230 857	3 208 085
Travel - overseas	-	46 721
Utilities - refuse costs	94 921	89 548
Vehicle licence and permits fees	1 175 066	1 224 764
Ward committees	8 458 585	8 480 826
Water	1 837 734	1 432 542
	<b>98 845 785</b>	<b>122 607 186</b>

## 39. Fair value adjustments

Other financial assets		
• Other financial assets	10 330	10 583

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>40. Cash generated from operations</b>		
Deficit	(12 726 684)	(94 582 662)
<b>Adjustments for:</b>		
Depreciation and amortisation	235 889 605	229 839 048
Gain on sale of assets and liabilities	13 952 667	6 233 292
Fair value adjustments	(10 330)	(10 583)
Finance costs - Finance leases	-	1 114 313
Impairment deficit	4 719 257	10 696 583
Debt impairment	274 020 696	227 561 767
Movements in retirement benefit assets and liabilities	(18 405 130)	17 162 606
Movements in provisions	2 050 094	2 750 299
Public contributions and donations	(1 972 711)	(7 359 654)
<b>Changes in working capital:</b>		
Inventories	(2 666 558)	(6 261 462)
Consumer debtors	(294 490 710)	(266 551 547)
Other receivables from non-exchange transactions	(7 903 258)	65 262 414
Payables from exchange transactions	13 259 566	13 486 219
VAT	7 864 779	14 085 556
Taxes and transfers payable (non exchange)	(2 916 057)	2 916 057
Unspent conditional grants and receipts	(15 276 032)	(1 263 484)
	<b>195 389 194</b>	<b>215 078 762</b>

## 41. Commitments

### Authorised capital expenditure

#### Approved and contracted

• Property, plant and equipment	116 230 513	44 466 504
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This committed expenditure relates to various capital projects and will be financed by available bank facilities, retained surpluses, mortgage facilities, existing cash resources, funds internally generated and grant income received.



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 42. Contingencies

#### 40.1 Court Preceding:

The Municipality is exposed to the following court cases:

Ministry of Water and Sanitation issued summons against the Municipality for the payment of ZAR 9,252,921.15 in unpaid water bills by the Ventersdorp Municipality. The prospects of the Attorney's successfully defending the case are weak.

Lazer communications (Tender 13(93)/2013 ) - both parties agreed to resolve the matter amicable without costly court proceedings. Claim amount against the Municipality of R1 094 253 and projected legal costs of R250 000.

Readira Refuge Services CC instituted action against the Municipality for unpaid balance to a contract at the High Court. Council could have financial exposure should the opposing side be successful with their claim of R3 289 330. Estimated further legal costs at a minimum R50 000.

T-Square Engineers is claiming an amount of approximately R1,3 million against Ventersdorp Municipality for design and construction management costs. The original tendered amount was approximately R590 000 which has been paid but the supplier claims that a variation order was agreed for the full amount of the claim. Estimated financial exposure should the plaintiff claims be successful. Estimated further legal costs amount of R450 000.

Morati Mataka ATT. vs JB Marks municipality; Summons issued against the municipality for the amount of R152 500.00 for alleged legal service rendered. Legal council estimation of legal costs and disbursements of R100 000.

CH Stoltz vs JB Marks; Review application of R300 000.00 Labour matter.

Kgomotso Segone vs JB Marks; Employee served a letter of demand to claim R400 000.00 due to emotional distress suffered as a result of harrasment by fellow employees.

This matter relates to the appointment of the service provider, SO Matshidiso Construction, to supply paraffin lamps, stoves and oil. The appointment of the service provider did not comply with the applicable legislation and is therefore void. The amounts paid to the service provider must also be refunded to the municipality, less the reasonable costs incurred by the service provider. Plaintiff claimed R34 million from council.

BA MANZI// TLOKWE - Damages of R12 000 resulting from collision between the Plaintiff and an employee of the Municipality.

FUTURE PHAMBILI // JB MARKS - Matter resulting from damages allegedly suffered by the Plaintiff, due to the alledge failute by the Municipality in ordering the monthly quantity of paraffin, as per the signed service level agreement. The plaintiff files its plea of R63 903 947 against the municipality's counter claim. Estimated further legal costs between R300 000 to R400 000.

TSELA TSWEU CONSULTING ENGINEERS // JB MARKS LOCAL MUNICIPALITY - Summons issued for service rendered with claim amount of R456 800.

NALKO ENGINEERING // JB MARKS / DR KK - Summons issued against the entities for service rendered with claim amount of R5 514 403.

Maximum Profit recovery// JB marks - Claim of R 363 279.41 for commission for service rendered in respect of VAT recovery services rendered to the Municipality. Legal council estimation of legal costs and disbursements of R80 000.

Coil Construction//JB Marks - tender1/2015 construction of storm water drain system. Applicant claim to be the successful tenderer instead of the appointed tenderer. Claim amount of R200 000,00 should the parties agree to settle the matter and R400 000,00 to R500 000,00 should the matter proceed.

Kgolagano Ya Batho Constructions// JB Marks (218/2019)- Action against the Municipality for services (cleaning of illegal dumping) allegedly rendered amount of R232 000. The estimated further legal costs including disbursements are R50 000.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 42. Contingencies (continued)

#### Contingent assets

The Municipality was involved in the following transactions or events in the current and prior year involving Contingent Assets:

Readira Refuge Services CC instituted action against the Municipality for unpaid balance to a contract at the High Court. The Council might be entitled to an amount of R868 675 for counter claims. Estimated further legal costs at a minimum R50 000.

This matter relates to the appointment of the service provider, SO Matshidiso Construction, to supply paraffin lamps, stoves and oil. The appointment of the service provider did not comply with the applicable legislation and is therefore void. The amounts paid to the service provider must also be refunded to the municipality, less the reasonable costs incurred by the service provider. R20 million irregular expenditure to be recovered.

This matter relates contravention of municipal by-laws by SP Selani, a rate payer in the Ventersdorp Region. The contravention led to a loss of income for the municipality. The matter is unopposed to date with a claim amount of R90 000 in favour of the municipality.

This matter relates contravention of municipal by-laws by Shalom Trust, a rate payer in the Ventersdorp Region. The contravention led to a loss of income for the municipality. The trust indicated an intention to oppose the matter with a claim amount of R90 000 in favour of the municipality.

This matter relates to contravention of building regulations at ERF 5475 Tlhaboloho street Ikageng, by erecting an additional brick structure on the stand without approval. Claim amount in favour of the council of R140 000.

Fruitless, Irregular and unauthorised expenditure to be recuperated from four Councilors total claim to be recouped by the municipality amount of R2 669 358 should the matter be successful. Estimated further legal costs of R500 000.

Fruitless, Irregular and unauthorised expenditure to be recuperated from Mabaso Investment amount of R6 812 947.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 43. Financial instruments disclosure

#### Categories of financial instruments

##### 2019

#### Financial assets

	At fair value	At amortised cost	Total
Other financial assets	57 302 252	-	57 302 252
Other receivables from non-exchange transactions	-	17 112 876	17 112 876
Consumer debtors	-	252 457 440	252 457 440
Cash and cash equivalents	-	239 794 548	239 794 548
	<b>57 302 252</b>	<b>509 364 864</b>	<b>566 667 116</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	300 195 609	300 195 609
Payables from non-exchange transactions	14 830	14 830
Consumer Deposits	23 471 205	23 471 205
	<b>323 681 644</b>	<b>323 681 644</b>

##### 2018

#### Financial assets

	At fair value	At amortised cost	Total
Other financial assets	52 255 221	-	52 255 221
Other receivables from non-exchange transactions	-	9 209 618	9 209 618
Consumer debtors	-	231 987 426	231 987 426
Cash and cash equivalents	-	230 929 696	230 929 696
	<b>52 255 221</b>	<b>472 126 740</b>	<b>524 381 961</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	286 936 043	286 936 043
Payables from non-exchange transactions	2 930 887	2 930 887
Consumer Deposits	22 546 128	22 546 128
Finance lease obligation	5 346 895	5 346 895
Other financial liabilities	23 439 311	23 439 311
	<b>341 199 264</b>	<b>341 199 264</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 43. Financial instruments disclosure (continued)

#### Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

#### Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

#### Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values.

#### Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

#### Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

#### Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

#### Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2018, as a result of the short-term maturity of these assets and liabilities.

### Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

Below is an analyses of Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

#### Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

#### Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

#### Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Other financial assets are measured at fair value based on quoted market prices in active markets for identical instruments, these are therefore Level 1.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 44. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 44. Risk management (continued)

#### Credit Risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

#### Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank and First National Bank. No investments with a tenure exceeding twelve months are made.

#### Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>44. Risk management (continued)</b>		
Financial instruments	2019	2018
Receivables from non-exchange transactions	17 112 876	9 209 618
Consumer debtors	252 457 440	231 987 426
Cash and Cash equivalents	239 794 548	230 929 696
Other financial liabilities	-	(23 439 311)
Payables from exchange transactions	(300 195 609)	(286 936 043)
Payables from non-exchange transactions	(14 830)	(2 930 887)
Finance lease obligations	-	(5 346 895)
Consumer deposits	(23 471 205)	(22 546 128)
<b>45. Irregular expenditure</b>		
Opening balance (Restated)	1 990 590 175	1 695 026 692
Add: Irregular Expenditure - current year	143 975 085	265 331 261
Add: Deviations in contravention with regulation 36	38 839 876	30 232 222
	<b>2 173 405 136</b>	<b>1 990 590 175</b>
<b>Details of irregular expenditure – current year</b>		
		-
7 days advert not attached	1 503 342	184 743
Competitive bidding process were not followed	132 907 965	225 711 456
Declaration of interest not attached	2 179 825	162 392
Three quotation not attached	4 637 627	1 396 580
Non Tax Compliant	317 523	951 759
Supplier not registered on Central Supplier Data Base	-	34 288
Invoice and quotation amount not the same	122 841	-
SCM procurement processes not followed	2 305 962	36 890 044
Add: Deviations in contravention with regulation 36	38 839 876	30 232 222
	<b>182 814 961</b>	<b>295 563 484</b>
<b>46. Fruitless and wasteful expenditure</b>		
Opening balance	74 599 872	70 894 151
Add: Fruitless and wasteful expenditure - current year	2 920 913	3 705 721
Less: Condoned or writtent off by council	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	<b>77 520 785</b>	<b>74 599 872</b>

The following are particulars of any criminal or disciplinary steps to be taken as a consequence of above expenditure.

Interest on late payments - various creditors - R 1 317 363.79 (2018: R1 500 346) - To be submitted to Council.

Penalties on late payments - various creditors - R 1 603 549.54 (2018: R2 205 374) - To be submitted to Council.

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>47. Unauthorised expenditure</b>		
Opening balance (Restated)	824 686 591	601 469 776
Office of the Executive Mayor	302 932	-
Office of the Speaker	8 530 871	-
Municipal Manager	-	1 965 294
Budget and Treasury Office	-	218 527 827
Public Safety	-	-
Corporate Services	-	-
Infrastructure	-	-
Department of Environmental Management	-	-
Sports, Arts and Culture	-	-
Human Settlement and Planning	-	-
Economic Development	-	2 723 695
less: Unauthorised expenditure condoned by Council	-	-
less: Unauthorised expenditure transferred to receivables	-	-
	<b>833 520 394</b>	<b>824 686 592</b>

The following are particulars of any criminal or disciplinary steps to be taken as a consequence of above expenditure.

- Office of the Executive Mayor - R302 932 - To be submitted to Council.
- Office of the Speaker - R8 530 871 - To be submitted to Council.
- Office of the Municipal Manager - 2019 within budget (2018: R1 965 294) - To be submitted to Council.
- Budget and Treasury - 2019 within budget (2018: R218 527 827) - To be submitted to Council.
- Public Safety - within budget.
- Corporate Services - within budget.
- Infrastructure - within budget.
- Department of Environmental Management - within budget.
- Sports, Arts and Culture - within budget.
- Human Settlement and Planning - within budget.
- Economic Development - 2019 within budget (2018: R2 723 695) - To be submitted to Council.



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 48. Related parties

#### Relationships

Ward Councillors by Ward number:

- 1 Maneli KM
- 2 Edwards GG
- 3 Van Onselen A
- 4 Zerwick LJ
- 5 Venter JM
- 6 Monaisa BJ
- 7 Combrink AL
- 8 Mogoeemang KEG
- 9 Ofentse BL
- 10 Chaka XG
- 11 Moncho KS
- 12 Modise DP
- 13 Johnson KA
- 14 Makoe ML
- 15 Pienaar PJ
- 16 Malinga AJ
- 17 Ngomezulu KJ
- 18 Kganticoe SJ
- 19 Kgasane MP
- 20 Montsho KL
- 21 Makousa RA
- 22 Britz S
- 23 Esterhuysen JJ
- 24 Adriaanse JM
- 25 Le Roux AA
- 26 Letshabo PT
- 27 Mothopeng MS
- 28 Valipathwa SP
- 29 Katees MM
- 30 Mataboge MM
- 31 Motladiile AS
- 32 Morokeng DM
- 33 Matsapola DM
- 34 Moilwa I

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

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### 48. Related parties (continued)

Proportional Councillors:

Clarke VC  
Coetzer CJ  
De Villers IJ  
Du Toit SF  
Fransman GML  
Kegontse KR  
Gwili D  
Kham XD  
Khumalo KM  
Kruger TG  
Landsberg JC  
Lesomo PZ  
Makhunga JG  
Mkhabela LM  
Mokwena BJ  
Moeletsi CL  
Mogwata CN  
Mokgethi RH  
Mokoena LD  
Molete P  
Moolman HJ  
Morulane P  
Mosenogi G  
Mosiana BJ  
Raphulu MP  
Steyn P  
Thulo SM  
Van Onselen WN  
Xaba JS  
Molapisi LG  
Mosounyana MP  
Greyling JH  
Mosine MC

Accounting Officers

Ralekgetho L - Municipal Manager (Appointed 1 January 2019)

Henry CP - Acting Municipal Manager (1 March 2018 to 31 August 2018)

Jansen M - Acting Municipal Manager ( 1 October 2018 to 31 December 2018)

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>48. Related parties (continued)</b>		
Members of key management	Chief Financial Officer: Moeketsane TE	
	Director: Public Safety: Msibi OS	
	Acting Director: Public Safety: Grimbeek MD (1 February 2018 to 31 January 2019)	
	Director: Infrastructure: Zungu BM (1 August 2013 to 30 September 2018)	
	Acting Director: Infrastructure: VAn Den Berg J ( 1 November 2018 to date)	
	Director: Municipal Services: Henry CP	
	Acting Director: Municipal Sercices: Modiakgotla EPM (1 February 2019 to 31 August 2019)	
	Director Corporate Services: Mosepele BMB	
	Acting Director: Corporate Services: Modise GIM (1 May 2018 to 31 January 2019)	

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

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### 48. Related parties (continued)

#### Related party balances and transactions

##### Councillors and officials with arrangements on consumer accounts

	Arrangements	Total
	-	-
MAKOUSA RA	12 708	13 253

##### Employees with arrangements

	-	-
CELE SD&CM	201	2 042
KGAMPE MJ	1 056	2 017
KGOSANE NB	531	2 102
LEPEDI SB & RJ	3 438	4 725
LETSHABO NE & SP	519	1 111
MASIKE MSE	2 664	3 430
MONCHO OJ & MM	634	766
MARIBE MD & IA	1 619	2 508
NDLOVU TJ & AO	207	4 332
NEBA MD	27 012	39 737
NONG SG	9 513	38 032
NYATHI DW	4 323	6 286
PETERSEN NJ	12 268	12 769
ROESTORF J	17 872	38 458
STAADSRAAD/MAQASHELA NA	16 697	16 967
STADSRAAD/HARWOOD DB & ME	4 621	28 409
STADSRAAD/KHWAZA MA	306	840
STADSRAAD/MOTSHOANE BA	48 113	55 746
STADSRAAD/POOE MC	15 658	16 307
STADSRAAD/SLAMBERT GD	62 906	65 702
STEYN SGJ	17 001	18 376

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 48. Related parties (continued)

##### Awards made to the spouses of employees

Name of the person	Position	Name of spouse	Supplier name	Expenditure
Wilwisia Veronique Waters	Administration	Phillip Jeremy Waters	Coalition Trading 968	68 500
Kedihentshe Lena Moamogwa	Traffic Department	Tebogo France Moamogwa	Moamogwa Construction	102 918
Mmokwa Lesley Modisetsi	Library: Ikageng	Omphile Rebecca	The curve behind	20 299
Bridgett Sebetlele	Finance: Accountant	Alex Sebetlele	Sebetlele AP construction and supply	18 000
Smit R	Cash and Bank Snr server administrator	Madrileen Alet Schmitz	Schmitz Prokureurs	36 168

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>49. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year fee	4 864 114	4 021 872
Amount paid - current year	(4 864 114)	(4 021 872)
	-	-
<b>Audit fees</b>		
Current year fee	7 168 328	10 984 515
Amount paid - current year	(7 168 328)	(10 984 515)
	-	-
<b>PAYE and UIF</b>		
Current year fee	66 590 127	52 242 556
Amount paid - current year	(66 590 127)	(52 242 556)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Current year fee	129 704 160	41 181 254
Amount paid - current year	(129 704 160)	(41 181 254)
	-	-

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 50. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-year adjustments, reclassifications and disclosure.

#### Statement of financial position

##### 2018

	As previously reported	Correction of errors	Restated
Receivables from exchange transactions	127 420 724	(118 211 107)	9 209 617
Inventory	141 756 192	(2 049 594)	139 706 598
VAT	17 587 701	6 052 615	23 640 315
Consumer debtors	304 360 349	(72 372 925)	231 987 424
Cash and cash equivalents	246 646 389	(15 716 694)	230 929 696
Property, plant and equipment	3 928 342 387	5 569 865	3 933 912 252
Heritage assets	62 836 135	287 001	63 123 137
Other financial liabilities	-	(23 439 311)	(23 439 311)
Payables from exchange transactions	(301 316 752)	14 380 708	(286 936 044)
Payables from non-exchange transactions	(14 830)	(2 916 057)	(2 930 887)
Consumer deposits	(21 939 160)	(606 969)	(22 546 129)
Accumulated Surplus	(4 298 757 858)	66 523 938	(4 232 233 920)
	<b>206 921 277</b>	<b>(142 498 530)</b>	<b>64 422 748</b>

#### Statement of financial performance

##### 2018

	As previously reported	Correction of errors	Restated
Service charges	(999 544 006)	107 982 110	(891 561 896)
Rental of facilities	(3 785 561)	(2 951 626)	(6 737 187)
Miscellaneous other revenue	(27 712 854)	(1 470 565)	(29 183 419)
Interest received	(54 537 329)	(210 052)	(54 747 381)
Property rates	(167 226 614)	2 852 537	(164 374 077)
Fines, penalties and forfeits	(76 865 164)	(7 801 865)	(84 667 029)
Depreciation	229 030 090	808 958	229 839 048
Impairment loss	6 671 054	4 025 529	10 696 583
Finance costs	4 802 657	428 275	5 230 932
Debt impairment	86 014 983	141 546 784	227 561 767
Repairs and Maintenance	80 125 593	4 293 751	84 419 344
Bulk purchases	483 993 725	(19 564 257)	464 429 469
Contracted services	98 571 099	4 960 389	103 531 488
General expenses	215 008 624	(92 401 436)	122 607 187
	<b>(125 453 703)</b>	<b>142 498 532</b>	<b>17 044 829</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 50. Prior period errors (continued)

The correction of the error(s) results in adjustments as follows:

1. Debt impairment was understated by R56 901 853.63 due to incorrect application of the impairment policy for traffic fines older than 2 years for the 2017/18 financial period. For the years 2016/17 going back, debt impairment of traffic fines was aggregately understated by 49 599 878.91 thereby overstating accumulated surplus with the same amount. Correspondingly Receivables from non-exchange transactions were overstated by R106 501 732.54.

2. The debt impairment policy for Consumer debtors was revised to incorporate 100% impairment of certain debtor categories owing 150 days plus. The new calculation resulted in debt Impairment being understated in the 2017/18 financial year by R63 771 074, with Accumulated Surplus overstated by R11 704 146 for the previous financial years. Consequently Consumer debtors were overstated by an aggregate of R75 475 220..

3. Bulk purchases was overstated by R19 564 256.51 in the 2017/18 financial year, while VAT receivable and Finance costs were understated by R 5 336 294.36 and R 399 565.21 respectively. Consequently, Accumulated surplus was overstated by R 4 763 586.16 through bulk purchases for 2016/17. Collectively Payables from exchange transactions were overstated by a net R9 064 810.78. This was due to incorrect invoices received from the supplier being used during the preparation of the 2017/18 accounting records.

4. Interest and Penalties were understated in the previous financial year as amounts of R28 709.54 and 344 652.39 respectively, charged by SARS for late payment of May 2018 VAT were not accounted for, VAT receivable was correspondingly overstated by R 373 361.93.

5. In 2017/18, Impairment loss was understated by R4 025 528.99 which resulted from the Sarafina Sports stadium not being assessed completely for all indicators of impairment. Consequently Property, Plant and Equipment was overstated with the same amount.

6. Debt Impairment was understated in 2017/18 as the Ikageng/Promosa (B.06020002) and the 100 House Scheme Ikaheng Ext 3 (B.9609001) & (B.6020003) receivables were not impaired by R19 682 458.66. Correspondingly Receivables from non-exchange transactions were overstated with the same amount.

7. In the 2017/18 financial year, traffic fines struck-off the roll were incorrectly omitted as part of revenue resulting in overstatement of both Fines revenue and Receivables from non-exchange transactions by R633 900..

8. Cash and cash equivalents - Outstanding deposits suspense account with an amount of R90 114 was not subsequently cleared from cash and cash equivalents to general expenses in the 2017/18 financial year. Cash and cash equivalents were therefore overstated with General expenses understated correspondingly.

Cash and Cash equivalents re-issue of cheques suspense account with a balance of R6 388 946.67 was not cleared into the main bank account in the previous financial year.

9. An allocation on the RBIG grant of R2 916 057 received in the 2017/18 financial year but relating to the 2018/19 financial year was incorrectly classified as Payables from exchange transactions instead of Payables non-exchange transactions. Payables from exchange transactions were therefore overstated with Payables from non-exchange transactions understated.

10. Engineering services contributions recorded in Payables from exchange transactions of R1 439 830.20 were not subsequently reclassified to Miscellaneous Other Revenue for the 2017/18 financial year and R14 615 400.23 for the preceding financial years respectively not reclassified through Accumulated Surplus. Payables from exchange transactions were therefore overstated with the aggregate amount of R16 055 230.43 whilst Miscellaneous other revenue and Accumulated surplus were understated with the respective amounts stated earlier above.

11. Consumer deposits received of R606 969 were incorrectly classified under Payables from exchange transactions in the previous financial year, thereby overstating Payables from exchange transactions and correspondingly understating Consumer deposits.

12. Inter-departmental charges of R 57 075 799.58 levied internally within the Municipality's departments were classified incorrectly under general expenses in 2017/18 instead of a net-off to Service charges. General expenses and Service charges were therefore overstated.



# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>50. Prior period errors (continued)</b>		
13. Indigent grant costs of R 33 161 417.85 for free service charges provided to indigent debtors were classified incorrectly under general expenses in 2017/18 instead of a net-off to Service charges of Water, Sewerage and Refuse removal. General expenses and Service charges were therefore overstated.		
14. Indigent grant costs of R 1 311 540.10 for free service charges provided to indigent debtors were incorrectly recorded as part of Repairs and Maintenance in 2017/18 instead of a net-off to Service charges Electricity. Repairs and Maintenance and Service charges were therefore overstated		
15. Indigent grant costs of R 2 852 536.62 for free service charges provided to indigent debtors were classified incorrectly under general expenses in 2017/18 instead of a net-off to Property rates. General expenses and Property rates were therefore overstated.		
16. In the 2017/18 financial year, certain supplier invoices were not accrued/provided for as they were received late resulting in the following: : VAT receivable was understated by R1 267 616.66 : Payables from exchange transactions were understated by R10 069 872.72 : Accumulated Surplus was overstated by R29 250 : Repairs and Maintenance were understated by R3 659 065.60 : Contracted Services were understated by R4 860 389.22 : General Expenses were understated by R253 551.24		
17. Other financial liabilities were understated by R23 439 311.30 and Accumulated Surplus overstated respectively in the previous financial years. An INCA loan had been incorrectly written off from the accounting records of former Municipality Ventersdorp in the 2013/14 financial year due to a court judgement in favour of the Municipality arising from a dispute on the calculation of interest and repayments.		
18. Electricity service charges were overstated in the 2017/18 financial year by R2 743 975 as the year-end prepaid electricity estimation Journal was incorrectly posted. Payables from exchange transaction were therefore understated by the same amount.		
19. Rental of facilities and Miscellaneous other revenue were understated in the 2017/18 financial year by R871 626.28 and R30 735 respectively due to uncleared suspense accounts sitting in Payable from exchange transactions, which consequently were overstated by the aggregate of R892 705.51. Consequently Accumulated Surplus was understated by R2 735.96 with Receivables from exchange transactions understated by R12 391.73		
20. VAT receivables were overstated by 1 392.76 whilst cash and cash equivalents were understated by the same amount as cheque receipts were incorrectly split into a VAT portion and a cash receipt portion exclusive of VAT. Cashbook receipts and payments are recorded inclusive of VAT. Cash and Cash equivalents cheque account with a balance of R11 007.62 was not cleared into the main bank account in the previous financial year.		
21. Other debtors with amount of R54 927.33 were incorrectly classified in Receivables from non-exchange transactions in the previous financial year, thereby overstating Receivables from non-exchange transactions and correspondingly understating consumer debtors.		
22. Electricity service charges were overstated by R13 689 377 and Consumer debtors were understated by R1 938 595.36 due to indigent token rebates recorded incorrectly via the cashbook. Cash and cash equivalents were therefore overstated by an aggregate of R15 627 972.36		
23. During the previous financial year, Consumer debtors were understated by R1 108 771.89, receivables from non-exchange understated by R213 754.84, VAT receivable was overstated by R323 871.89, Rental of facilities was understated by R2 080 000, Interest received was understated R210 052.44, Contracted services was understated by R100 000 and debt impairment was understated by R1 191 397.60. This related to mining rights revenue for the programme for community development of Eleazer farm not recorded in the previous financial year thereby the corresponding receivables and impairment of receivables also not recorded.		
24. Traffic fines revenue were incompletely recorded in the previous financial year, resulting in understatement of Fines, Penalties and Forfeits by R8 435 765 with Receivables from-exchange transactions understated correspondingly.		
25. During the financial year management received additional information pertaining to the Work in Progress amount		

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 50. Prior period errors (continued)

disclosed in the previous financial years. Management revisited the full population. The above was corrected retrospectively and resulted in the following;

- : Increase in Property, Plant and Equipment by R247 660
- : Increase in VAT receivable by R147 330
- : Increase in Payables from exchange transactions by R2 341 216
- : Increase in Repairs and Maintenance by R1 946 226

26. During the financial year management discovered Gains under PPE during the verification process in 2019. This was corrected retrospectively and resulted in the following;

- : Increase Accumulated Surplus by R10 443 692
- : Increase in Property, Plant and Equipment by R9 347 733
- : Increase in Heritage Assets by R287 001
- : Increase in Depreciation by R808 958

27. Depreciation expense was incorrectly bundled into one expenditure vote in the 2017/18 financial year. Depreciation was un-bundled into different votes based on different municipal functions.

### 27. Fruitless and Wasteful expenditure

- Fruitless and Wasteful expenditure disclosed for 2017/18 was understated as interest of R28 709.54 charged by SARS for May 2018 VAT late payment were not included. .
- Fruitless and Wasteful expenditure disclosed for 2017/18 was understated by R399 565.21 due to above prior period errors on Interest charged by Eskom.
- Other arithmetic errors were adjusted on the fruitless and wasteful expenditure calculation used to compute the 2017/18 disclosure note.
- In aggregate Fruitless and Wasteful expenditure was understated by R52 916.52 due to the above mentioned errors.

### 28. Unauthorised expenditure

- The Unauthorised expenditure disclosure note for 2017/18 omitted the opening balance for unauthorised expenditure for the previous years. The opening balance for 2017/18 Unauthorised expenditure was therefore understated by R601 469 776.
- The unauthorised expenditure incurred in the 2017/18 financial year changed from R168 570 106 as previously reported to R223 216 815 due to change in the actual expenditure due to prior period adjustments identified above.
- The calculation of unauthorised expenditure was amended in the current year to being based on the 11 votes as identified on the Budget 2 Schedule whereas the calculation was previously based on municipal functions in the previous financial years.

### 29. Irregular expenditure

- Irregular expenditure for 2017/18 was understated by amounts of R392 625 450 for former Tlokwe Municipality and R115 177 949 for former Ventersdorp Municipality as the opening Irregular expenditure for 2014/15 financial period for both former Municipalities were omitted.
- Irregular expenditure (irregular expenditure and deviations not submitted to council) was overstated by R9 810 361.20 in the 2017/18 financial year as the registers included items which didn't meet the definition of Irregular expenditure.

30. Contingent liabilities were overstated in the 2017/18 financial year as an going case between former Ventersdorp Municipality and INCA was incorrectly included in contingent liabilities. The loan had been incorrectly removed from the accounting records in 2013/14 financial year due to a court judgement in favour of the Municipality arising from a dispute on the calculation of interest and repayments. INCA instituted an alternative claim based on unlawful enrichment on 27 January 2016 for the repayment of the loan amount and a judgement was received in June 2019 for the Municipality to settle R20 million.

31. Inventory balance was overstated by R2 049 594.07 in the previous financial years as Inventory was not revalued to its Net realisable value which was lower than the cost. Accumulated surplus was therefore correspondingly overstated.

32. Receivables from non-exchange gross balance was overstated by R13 142 176.73 in the previous financial years as sundry debtor 1000 house scheme was recorded at an incorrect amount as supported by tranche payments and total receipts from province between 2007 and 2011. Consequently impairment loss through accumulated surplus was overstated with the same amount as the entire gross debtor had been fully impaired.

## JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>50. Prior period errors (continued)</b>		
<b>Effect of errors on the Accumulated Surplus</b>		
Decrease in Accumulated Surplus due to error 1	-	49 599 879
Decrease in Accumulated Surplus due to error 2	-	11 704 146
Decrease in Accumulated Surplus due to error 3	-	4 763 586
Decrease in Accumulated Surplus due to error 16	-	29 250
Decrease in Accumulated Surplus due to error 17	-	23 439 311
Increase in Accumulated Surplus due to error 10	-	(14 615 400)
Increase in Accumulated Surplus due to error 19	-	(2 736)
Increase in Accumulated Surplus due to error 26	-	(10 443 692)
Decrease in Accumulated Surplus due to error 31	-	2 049 594
<b>(Increase) / Decrease in Accumulated Surplus</b>	<b>-</b>	<b>66 523 938</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>50. Prior period errors (continued)</b>		
<b>Effect of errors on Statement of financial position</b>		
Decrease in Receivables from non-exchange transactions due to error 1	-	(106 501 733)
Decrease in Receivables from non-exchange transactions due to error 6	-	(19 682 459)
Decrease in Receivables from non-exchange transactions due to error 7	-	(633 900)
Increase in Receivables from non-exchange transactions due to error 19	-	12 392
Decrease in Receivables from non-exchange transactions due to error 21	-	(54 927)
Increase in Receivables from non-exchange transactions due to error 23	-	213 755
Increase in Receivables from non-exchange transactions due to error 24	-	8 435 765
	-	-
Decrease in Inventory due to error 31	-	(2 049 594)
	-	-
Increase in VAT receivable due to error 3	-	5 336 294
Decrease in VAT receivable due to error 4	-	(373 362)
Increase in VAT receivable due to error 16	-	1 267 617
Decrease in VAT receivable due to error 20	-	(1 393)
Decrease in VAT receivable due to error 23	-	(323 872)
Increase in VAT receivable due to error 25	-	147 330
	-	-
Decrease in Consumer debtors due to error 2	-	(75 475 220)
Increase in Consumer debtors due to error 21	-	54 927
Increase in Consumer debtors due to error 22	-	1 938 595
Increase in Consumer debtors due to error 23	-	1 108 772
	-	-
Decrease in Cash and cash equivalents due to error 8	-	(90 114)
Increase in Cash and cash equivalents due to error 20	-	1 393
Decrease in Cash and cash equivalents due to error 22	-	(15 627 972)
	-	-
Decrease in Property, plant and equipment due to error 5	-	(4 025 529)
Increase in Property, plant and equipment due to error 25	-	247 660
Increase in Property, plant and equipment due to error 26	-	9 347 733
	-	-
Increase in Heritage assets due to error 26	-	287 001
Increase in Other financial liabilities due to error 17	-	(23 439 311)
	-	-
Decrease in Payables from exchange transactions due to error 3	-	9 064 811
Decrease in Payables from exchange transactions due to error 9	-	2 916 057
Decrease in Payables from exchange transactions due to error 10	-	16 055 230
Decrease in Payables from exchange transactions due to error 11	-	606 969
Increase in Payables from exchange transactions due to error 16	-	(10 069 873)
Increase in Payables from exchange transactions due to error 18	-	(2 743 975)
Decrease in Payables from exchange transactions due to error 19	-	892 706
Increase in Payables from exchange transactions due to error 25	-	(2 341 216)
	-	-
Increase in Payables from non-exchange transactions due to error 9	-	(2 916 057)
	-	-
Increase in Consumer deposits due to error 11	-	(606 969)
	-	(209 022 469)

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>50. Prior period errors (continued)</b>		
<b>Effects of errors on Statement of financial performance</b>		
Decrease in Service charges due to error 12	-	57 075 800
Decrease in Service charges due to error 13	-	33 161 418
Decrease in Service charges due to error 14	-	1 311 540
Decrease in Service charges due to error 18	-	2 743 975
Decrease in Service charges due to error 22	-	13 689 377
	-	-
Increase in Rental of facilities due to error 19	-	(871 626)
Increase in Rental of facilities due to error 23	-	(2 080 000)
	-	-
Increase in Miscellaneous other revenue due to error 10	-	(1 439 830)
Increase in Miscellaneous other revenue due to error 19	-	(30 735)
	-	-
Increase in Interest received due to error 23	-	(210 052)
	-	-
Decrease in Property rates due to error 15	-	2 852 537
	-	-
Decrease in Fines, penalties and forfeits revenue due to error 7	-	633 900
Increase in Fines, penalties and forfeits revenue due to error 24	-	(8 435 765)
Increase in Depreciation due to error 26	-	808 958
Increase in Impairment loss due to error 5	-	4 025 529
	-	-
Increase in Finance costs due to error 3	-	399 565
Increase in Finance costs due to error 4	-	28 710
	-	-
Increase in Debt impairment due to error 1	-	56 901 854
Increase in Debt impairment due to error 2	-	63 771 074
Increase in Debt impairment due to error 6	-	19 682 459
Increase in Debt impairment due to error 23	-	1 191 398
	-	-
Decrease in Repairs and maintenance due to error 14	-	(1 311 540)
Increase in Repairs and maintenance due to error 16	-	3 659 066
Increase in Repairs and maintenance due to error 25	-	1 946 226
	-	-
Decrease in Bulk purchases due to error 3	-	(19 564 257)
	-	-
Increase in Contracted services due to error 16	-	4 860 389
Increase in Contracted services due to error 23	-	100 000
	-	-
Increase in General expenses due to error 4	-	344 652
Increase in General expenses due to error 8	-	90 114
Decrease in General expenses due to error 12	-	(57 075 800)
Decrease in General expenses due to error 13	-	(33 161 418)
Decrease in General expenses due to error 15	-	(2 852 537)
Increase in General expenses due to error 16	-	253 551
	-	<b>142 498 532</b>

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 51. Distribution losses

#### Electricity Distribution

System Input Volume: Electricity Units (kWh) purchased	507 340 577	509 994 587
Billed Consumption: Electricity Units (kWh) sold	(462 720 878)	(469 217 847)
	<b>44 619 699</b>	<b>40 776 740</b>
Percentage loss	8.79%	8.00%

Electricity loss for the financial year was 8.79%. The Rand value of the electricity loss for the financial year was R 42 003 931 (2018: R 37 323 771).

Electricity Losses occur due to inter alia , technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

#### Water Distribution

System Input Volume: Water Units (kL) purchased	25 477 718	29 907 933
Billed Consumption: Water Units (kL) sold	(19 846 387)	(21 151 204)
	<b>5 631 331</b>	<b>8 756 729</b>
Percentage loss	22.10%	29.28%

Water losses for the financial year was 22.10%. The estimated Rand value of the water losses for the financial year was R 4 501 302 (2018 R 5 185 072).

Water Losses occur due to inter alia , leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

### 52. Change in estimate

#### Property, plant and equipment

The residual values, estimated useful lives were reviewed at 30 June 2019. Adjustments to the residual values and useful lives affect the amount of provision for the current year and is expected to affect future periods as well. The adjustments are as follows:

Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of Property, Plant and Equipment: R(80 401)

Depreciation as previously stated: R(90 465)

Adjustment due to Change in accounting estimate: R10 064

# JB Marks Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 53. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus of R 4 124 924 573 and that the municipality's total assets exceed its liabilities by R 4 124 924 573.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Management considered the following matters relating to the Going Concern:

- Good financial indicators for liquidity
- Deficit incurred in the current year, but sufficient accumulated surpluses are still available
- Sufficient cash resources to pay creditors as they fall due
- Challenges in collecting outstanding debts

Management however considered the following matters relating to the Going Concern:

(i) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(ii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iii) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

(iii) The municipality is funded by grant income to date the 1st trench of Equitable Share was received subsequent to year end.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

### 54. Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to 30 June 2019.

### 55. Comparative figures

Where necessary, comparative figures have been restated for prior period error adjustments and /or reclassified to conform to changes in presentation in the current year.

The comparative figures of 2017/18 cover a full 12 month financial period..

### 56. In-kind donations and assistance

The municipality did not receive any In-kind Donations and Assistance during the year under review.